Alvotech

(a public limited liability company (société anonyme), incorporated and existing under the laws of the Grand Duchy of Luxembourg with its registered office in Luxembourg, Grand Duchy of Luxembourg)

Legal Entity Identifier (LEI): 222100DCZBOWV5DZ8372

Admission to trading and listing of 275,721,672 Ordinary Shares on Nasdaq Iceland

International Securities Identification Number (ISIN): LU2458332611

This prospectus (the "**Prospectus**") relates to the admission to trading and listing in Iceland by Alvotech, a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*), under number B258884, legal entity identifier ("**LEI**") 222100DCZBOWV5DZ8372 (the "**Company**", the "**Issuer**", "**we**", "**us**", "**our**", "**ourselves**" or "**Alvotech**") of ordinary shares of the Company with a nominal value of $0.01 and International Securities Identification Number ("**ISIN**") LU2458332611 in the amount of 275,721,672 Ordinary Shares (the "**Ordinary Shares**") (the "**Admission**") on the regulated market in Iceland operated by Nasdaq Iceland ("**Nasdaq Iceland**").

You should read this prospectus and any prospectus supplement carefully before you invest in our Ordinary Shares. Investing in our Ordinary Shares involves risks. Please See "Risk Factors" beginning on page 1 of this Prospectus.

The information contained herein is current and up to date as of the date of this Prospectus. Neither the delivery of this Prospectus, nor the sale or delivery of the Ordinary Shares shall, under any circumstances, create any implication that no adverse changes have occurred nor events have happened, which may or could result in an adverse effect on the Company's business, financial condition or results of operations and/or the market price of the Ordinary Shares. Nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by the Company or its advisors as to the future.

Where information has been sourced from a third party, we confirm that such information has been accurately reproduced and that as far as we are aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus constitutes a prospectus in the form of a single document for the purposes and within the meaning of Articles 3 and 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") and has been prepared in accordance with the provisions of the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Prospectus Law**") and the rules promulgated thereunder. This Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") on December 2, 2022, as the competent authority under the Prospectus Regulation. The CSSF only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company. This approval cannot be considered as a judgment on, or any comment on, the merits of the transaction, nor on the situation of the Company. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Company, in line with the provisions of Article 6(4) of the Luxembourg Prospectus Law. The Company has requested the CSSF to notify its approval in accordance with Article 25(1) of the Prospectus Regulation to the competent authority in Iceland, the Central Bank of Iceland, with a letter of approval attesting that this Prospectus has been prepared in accordance with the Prospectus Regulation. This Prospectus will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu) and on the Company's website (https://investors.alvotech.com/publicfilings).

Such approval should not be considered as an endorsement of the quality of the shares that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Ordinary Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and may not be offered or sold in the United States or to U.S. persons (other than distributors) unless the Ordinary Shares are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available. Transfer of the Ordinary Shares is prohibited except in accordance with the provisions of Regulation S, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption therefrom.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL THE ORDINARY SHARES, OR A SOLICITATION OF AN OFFER TO BUY THE ORDINARY SHARES FROM PERSONS IN ANY JURISDICTION. THIS PROSPECTUS WILL NOT BE PASSPORTED OR NOTIFIED IN ANY WAY OR FOR ANY PURPOSE OTHER THAN FOR THE PURPOSE OF THE ADMISSION TO TRADING AND LISTING ON THE REGULATED MARKET IN ICELAND OPERATED BY NASDAQ ICELAND.

THE VALIDITY OF THIS PROSPECTUS WILL EXPIRE ON DECEMBER 2, 2023, BEING TWELVE MONTHS AFTER THE DATE OF ITS APPROVAL. THE INFORMATION IN THIS PROSPECTUS SPEAKS ONLY AS OF THE DATE HEREOF AND

ANY OBLIGATION TO SUPPLEMENT THIS PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL NOT APPLY AFTER THE TIME WHEN TRADING OF THE SHARES ON THE NASDAQ ICELAND BEGINS.

Listing Agent

Landsbankinn hf.

PROSPECTUS DATED DECEMBER 2, 2022

TABLE OF CONTENTS

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I. PROSPECTUS SUMMARY

A. – Introduction and Warnings

This prospectus (the "**Prospectus**") relates to the admission to trading and listing in Iceland by Alvotech, a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*), under number B258884, legal entity identifier ("**LEI**") 222100DCZBOWV5DZ8372 (the "**Company**", the "**Issuer**", "**we**", "**us**", "**our**", "**ourselves**" or "**Alvotech**") of ordinary shares of the Company with a nominal value of $0.01 and International Securities Identification Number ("**ISIN**") LU2458332611 in the amount of 275,721,672 ordinary shares (the "**Ordinary Shares**") (the "**Admission**") on the regulated market in Iceland operated by Nasdaq Iceland ("**Nasdaq Iceland**").

This Prospectus has been approved by the *Luxembourg Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as the competent authority under the Regulation (EU) 2017/1129 of the European Parliament and the Council of June 14, 2017 on the prospectus to be published when securities are admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, on December 2, 2022. The CSSF has its registered office at 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg and telephone number +352 262511, fax number +352 26 25 1 2601 and e-mail address direction@cssf.lu.

This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the Ordinary Shares on the consideration of this Prospectus as a whole. Investors in the Ordinary Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid Investors when considering whether to invest in the Ordinary Shares.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Domicile and Legal Form. The issuer of the Ordinary Shares is Alvotech, a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*), under number B258884, legal entity identifier ("**LEI**") 222100DCZBOWV5DZ8372. The Company was incorporated on August 23, 2021, in the form of a simplified joint stock company (*société par actions simplifiée*), previously known as Alvotech Lux Holdings S.A.S.

Principal Activities. Alvotech is a highly integrated biotech company focused solely on the development and manufacture of biosimilar medicines for patients worldwide. Alvotech's purpose is to improve the health and quality of life of patients around the world by improving access to proven treatments for various diseases. Since our inception, we have built our company with key characteristics we believe will help us capture the substantial global market opportunity in biosimilars: a leadership team that has brought numerous successful biologics and biosimilars to market around the world; a purpose-built biosimilars R&D and manufacturing platform; top commercial partnerships in global markets; and a diverse, expanding pipeline addressing many of the biggest disease areas and health challenges globally. Alvotech is a company committed to constant innovation: we focus our platform, people and partnerships on finding new ways to drive access to more affordable biologic medicines.

Major Shareholders. As of the date of this Prospectus, Alvogen Lux Holdings S.à r.l. directly holds 90,005,334 Ordinary Shares and Aztiq Pharma Partners S.à r.l. directly holds 101,147,803 Ordinary Shares.

Key managing Officers. Robert Wessman (Executive Chairman of the Board of Directors; also appointed as the new Chief Executive Officer of the Company effective as of January 1, 2023), Mark Levick (Chief Executive Officer) and Joel Morales (Chief Financial Officer).

Independent Auditor. Deloitte Audit (20, Boulevard de Kockelscheuer L-1821, Luxembourg, Grand Duchy of Luxembourg) is the independent auditor (*réviseur d'entreprises agréé*) of the Company.

B.2 – What is the Key Financial Information Regarding the Issuer?

Unless indicated otherwise, all financial information presented in the tables below is shown in thousands of U.S. dollar (in $ thousands). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Selected Consolidated Financial Information

Statement of Profit or Loss Data

	Year Ended	*Year Ended*	*Year Ended*			*Year Ended*	*Year Ended*		
	December 31 2021	***December 31 2020***	***December 31 2019***	***Unaudited HY1 2022***	***Unaudited HY1 2021***	***December 31 2021***	***December 31 2020***	***Unaudited Q1 2022[1]***	
	Alvotech (IFRS, Historical)	***Alvotech (IFRS, Historical)***	***Alvotech (IFRS, Historical)***	***Alvotech (IFRS, Historical)***	***Alvotech (IFRS, Historical)***	***OACB (US GAAP, Historical)***	***OACB (US GAAP, Historical)***	***OACB (US GAAP, Historical)***	***Pro Forma Combined***
Total Revenue	**$36,772**	**$66,616**	**$31,918**	**$40,118**	**$2,008**	**-**	**-**	**-**	**$36,772**
Operating profit/loss or another similar measure of financial performance used by the issuer in the financial statements	**($235,456)**	**($137,537)**	**($61,448)**	**($203,584)**	**($174,407)**	**($5,862)**	**($271)**	**($1,216)**	**($349,448)**
Net profit or loss (for consolidated financial statements net profit or loss attributable to equity holders of the parent)	**($101,504)**	**($170,044)**	**($209,876)**	**($184,471)**	**($273,947)**	**$3,993**	**($9,271)**	**$3,285**	**($162,463)**
Earnings per share	**($12.29)**	**($24.32)**	**($30.77)**	**($1.02)**	**($2.77)**	**$0.13**	**($0.40)**	**$0.11**	**$(0.67)**

Statement of Financial Position Data

	Alvotech (IFRS, Historical)	*Alvotech (IFRS, Historical)*	*Alvotech (IFRS, Historical)*	*Alvotech (IFRS, Historical)*	*Alvotech (IFRS, Historical)*	*OACB (US GAAP, Historical)*	*OACB (US GAAP, Historical)*	*OACB (US GAAP, Historical)*	
	Year Ended December 31 2021	***Year Ended December 31 2020***	***Year Ended December 31 2019***	***Unaudited HY1 2022***	***Unaudited HY1 2021***	***Year Ended December 31 2021***	***Year Ended December 31 2020***	***Unaudited Q1 2022***	***Pro Forma Combined***
Total Assets	**$597,977**	**$474,422**	**$374,526**	**$774,497**	**N/A**	**$250,721**	**$251,534**	**$250,691**	**$848,133**
Total Equity	**($135,612)**	**($867,243)**	**($767,538)**	**($296,221)**	**N/A**	**$224,921**	**$220,928**	**$228,207**	**($213,127)**
Net financial debt (long term debt plus short term debt minus cash)	**($383,355)**	**($536,210)**	**N/A**	**($430,585)**	**N/A**	**$587**	**$1,278**	**$506**	**($258,212)**
Total equity and liabilities	**$597,977**	**$ 474,422**	**$ 374,526**	**$774,497**	**N/A**	**$250,721**	**$251,534**	**$250,691**	**$848,133**

[1] The Q1 2022 financial results presented for OACB in this summary exhibit the most recent interim financial statements for OACB prior to being amalgamated into 'Alvotech' following the consummation of the busines combination, which occurred on June 15, 2022, in accordance with the business combination agreement, dated as of December 7, 2021, as may be amended, by and among OACB, Alvotech Holdings and Alvotech.

Statement of Cash Flows Data

	Alvotech (IFRS, Historical) Year Ended December 31 2021	*Alvotech (IFRS, Historical) Year Ended December 31 2020*	*Alvotech (IFRS, Historical) Year Ended December 31 2019*	*Alvotech (IFRS, Historical) Unaudited HY1 2022*	*Alvotech (IFRS, Historical) Unaudited HY1 2021*	*OACB (US GAAP, Historical) Year Ended December 31 2021*	*OACB (US GAAP, Historical) Year Ended December 31 2020*	*OACB (US GAAP, Historical) Unaudited Q1 2022*
Relevant net Cash flows from operating activities and cash flows from investing activities and cash from financing activities.	**($13,972)**	**($35,796)**	**$14,946**	**$110,875**	**$10,295**	**($691)**	**$1,278**	**($81)**

B.3 – What are the Key Risks that are Specific to the Issuer?

- Any adverse developments affecting the manufacturing operations of Alvotech's biosimilar products could substantially increase its costs and limit supply for its products, or could affect the approval status of its products.

- Alvotech currently has no marketing and sales organization. Alvotech is dependent on its partners for the commercialization of its biosimilar products candidates in certain major markets, and their failure to commercialize in those markets could have a material adverse effect on Alvotech's business and operating results.

- Alvotech has a limited operating history in a highly regulated environment, has incurred significant losses since its inception, anticipates that it may continue to incur significant losses for the immediate future and may never be profitable.

- Alvotech may be unable to generate sufficient cash flow to satisfy its significant debt service obligations, which would adversely affect its financial condition and results of operations.

- Alvotech may need to raise substantial additional funding from shareholders or third parties. This additional funding may not be available on acceptable terms or at all. Failure to obtain such necessary capital when needed may force Alvotech to delay, limit or terminate its product development efforts or other operations.

- Alvotech has identified material weaknesses in its internal control over financial reporting. If Alvotech is unable to remediate these material weaknesses, or if Alvotech experiences additional material weaknesses in the future or otherwise is unable to develop and maintain an effective system of internal controls in the future, Alvotech may not be able to produce timely and accurate financial statements or comply with applicable laws and regulations.

- Alvotech relies on third parties to conduct its nonclinical and clinical studies, to manufacture aspects of clinical and commercial supplies of its product candidates, and to store critical components of its product candidates. If these third parties do not successfully carry out their contractual duties, or are not compliant with regulatory requirements, Alvotech may not be able to obtain regulatory approval for or commercialize its product candidates.

- If Alvotech infringes or is alleged to infringe the intellectual property rights of third parties, its business could be harmed. Alvotech is involved in legal proceedings through its partner, JAMP Pharma Corporation ("**JAMP Pharma**"), adverse to AbbVie Inc. and AbbVie Biotechnology Ltd. (collectively, "**AbbVie**") that may impact Alvotech's adalimumab product, AVT02.

C. – Key Information on the Securities

C.1 - What are the Main Features of the Securities?

Type, Class, and ISIN. The Ordinary Shares of the Company are ordinary shares in the capital of the Company in registered global form. . ISIN: LU2458332611.

Currency, Denomination, Par Value, Number of Securities Issued and Duration. The Ordinary Shares are denominated in U.S. dollar, have an accounting par value of $0.01 each and do not have a term.

Rights Attached to the Shares, Relative Seniority and Transferability. The Ordinary Shares rank *pari passu* among themselves. The capital of the Company is made up of a single class of shares. There are no transfer restrictions attached to the Ordinary Shares.

Dividend Policy. We do not anticipate paying any cash dividends on our Ordinary Shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business and product candidates.

Legislation. The Ordinary Shares have been created under Luxembourg law.

C.2 – Where will the Securities be Traded?

Application has been made to list and admit the Ordinary Shares (the "**Admission**") to trading on Nasdaq Iceland under the symbol "ALVO". The Company's Ordinary Shares are currently listed in Iceland on the Nasdaq First North under the symbol "ALVO" until their admission to trading on Nasdaq Iceland. The Company's Ordinary Shares are also listed in the United States on The Nasdaq Stock Market LLC and shall continue to be traded on The Nasdaq Stock Market LLC under the symbol "ALVO".

C.3 – What are the Key Risks that are Specific to the Securities?

- The market for the Ordinary Shares may not develop towards an active trading market or such development may not be maintained. Investors may be unable to sell their shares unless a viable market can be established and maintained.
- Sales of Ordinary Shares, or the perception of such sales, by in the public market or otherwise could cause the market price for our Ordinary Shares to decline.
- If securities or industry analysts do not publish or cease publishing research or reports about Alvotech, its business, or its market, or if they change their recommendations regarding Ordinary Shares adversely, then the price and trading volume of Ordinary Shares could decline.

D. – Key Information on the Offer of Securities to the Public

D.1 – Under which Conditions and Timetable can I invest in this Security?

General terms of the Offering and expected timetable. Not applicable. This Prospectus does not relate to an offering of shares.

Listing and Admission to trading. Our Ordinary Shares are listed on both the Nasdaq and Nasdaq First North and we are seeking admission to list our Ordinary Shares on Nasdaq Iceland (instead of Nasdaq First North). The Ordinary Shares will remain listed on Nasdaq First North until their admission to trading on the regulated market in Iceland operated by Nasdaq Iceland. Once the admittance of the Ordinary Shares to trading has been approved on Nasdaq Iceland, the Ordinary Shares will be delisted from Nasdaq First North as of the end of the trading day and, as of the following trading day, the Ordinary Shares will be admitted to trading on Nasdaq Iceland Main Market. Admission to trading of the Ordinary Shares Nasdaq on Iceland Main Market is expected to be granted on or about December 5, 2022 and trading in the Ordinary Shares on Nasdaq Iceland is expected to commence on or about December 6, 2022.

Plan for distribution. Not applicable. This Prospectus does not relate to an offering of shares.

Offer Price and Price Range. Not applicable. This Prospectus does not relate to an offering of shares.

Estimated Expenses. The expenses related to the Admission consist of the fees due to the CSSF and Nasdaq Iceland, as well as legal and administrative expenses, financial advisor fees, publication costs and applicable taxes, if any. The Company estimates that the total expenses related to the Admission will amount to approximately € 0.9 million.

D.2 – Who is the Offeror?

Not applicable. This Prospectus does not relate to an offering of shares.

D.3 – Why is this Prospectus being produced?

Reasons for the Admission to trading. We believe that the Admission is a logical and significant next step for the Company in its development and that the timing is appropriate, given its current profile and level of maturity.

Use and Estimated Net Amount of Proceeds. Not applicable. This Prospectus does not relate to an offering of shares.

Conflicts of Interests. Arni Hardarson and Robert Wessman have notably indirect beneficial ownership interests in Aztiq Pharma Partners, which holds indirectly approximately 36.6 % of Alvotech's share capital. Robert Wessman furthermore has an indirect beneficial ownership interest in Alvogen. Transactions entered into in which Alvotech and Aztiq Pharma Partners and/or Alvogen have conflicting financial interests and which are submitted for approval of the board of directors therefore result in a conflict of interest for Arni Hardarson and/or Robert Wesmann in such decisions and they will abstain from participating in the discussions and decisions on these matters within the board of directors of Alvotech. All related party transactions are furthermore submitted to Alvotech's audit and risk committee for review and approval before decision of the board of directors as per the applicable governance rules Alvotech has adopted in the framework of the listing on Nasdaq. Other than as disclosed herein, no conflicts of interest or potential conflicts of interest exist between the members of the board of director as regards Alvotech on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

1. RISK FACTORS

An investment in the Ordinary Shares is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to the Ordinary Shares and based on our current assessment material for making an informed investment decision. The market price of the Ordinary Shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risk factors are divided into categories and subcategories. Within each such subcategory, the order of risk factors is based on our current assessment with respect to the probability of occurrence and expected magnitude of the adverse impact of such risk factors, with at least the two most material risk factors (i.e., those we believe are most likely to have a material adverse impact) mentioned at the beginning of each subcategory. Irrespective of the order of risk factors, however, any of the risks described below could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects as well as the price of the Ordinary Shares.

1.1 Risks Related to the Issuer

1.1.1 Risks related to Alvotech's business activity, competition and industry

Alvotech has devoted substantially all of its financial resources to identify and develop its product candidates, including conducting, among other things, analytical characterization, process development and manufacture, formulation and clinical studies and providing general and administrative support for these operations. To date, Alvotech has financed its operations primarily through the sale of equity securities, debt financing by way of shareholder loans (convertible and non-convertible) and the issuance of bond instruments to third party investors, as well as through milestone payments under certain license and development agreements with its partners, for example Teva Pharmaceuticals International GmbH ("**Teva**") and STADA Arzneimittel AG ("**STADA**"). The amount of its future net losses will depend, in part, on the rate of its future expenditures and its ability to obtain funding through equity or debt financings or strategic collaborations. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk.

- For AVT02, a biosimilar to Humira (adalimumab), Alvotech received regulatory approval in the European Union in November 2021, and in Canada and the UK in January 2022. In April 2022, Alvotech's commercial partner, JAMP Pharma, launched AVT02 under the name SIMLANDI in Canada. In June 2022, Alvotech's commercial partner, STADA, launched AVT02 under the name Hukyndra in selected European countries, including France, Germany, Finland, and Sweden. Commercial launches in further European countries are scheduled over the coming months. Alvotech's biologics license application ("**BLA**") supporting biosimilarity was filed with the FDA in 2020 and its BLA supporting interchangeability was accepted for review in February 2022. In September 2022, Alvotech announced that it had received communication from the FDA detailing its assessment of the March 2022 inspection of Alvotech's manufacturing facility in Reykjavik, Iceland and Alvotech's subsequent written responses to the FDA. The FDA's complete response letter to the initial biosimilar BLA for AVT02 noted certain deficiencies and stated that satisfactory resolution of the deficiencies is required before FDA may approve this first-filed BLA. Alvotech is working collaboratively with FDA to resolve these issues and to date the agency has not indicated that this complete response letter will impact the interchangeable BLA. In November 2022, Alvotech announced the Therapeutic Goods Administration of Australia has granted marketing authorization to Cipla Australia Pty Ltd ("**Cipla**") for Alvotech's AVT02, a high-concentration low-volume biosimilar to Humira (adalimumab). Alvotech's biosimilar to Humira (adalimumab) is approved in Australia for marketing as a 40 mg/0.4 mL and 80 mg/0.8 mL solution in a pre-filled syringe and 40 mg/0.4 mL solution in a pre-filled pen, designed with the ease of patients in mind. In Australia, the biosimilar will be marketed as Ciptunec and Ardalicip.

- For AVT04, a proposed biosimilar to Stelara (ustekinumab), Alvotech reported positive topline results from two clinical studies for its second product candidate in May 2022 and submitted marketing applications in major markets including the U.S. and EU in the second half of 2022.

- Alvotech is in the earlier stages of development for its other lead product candidates, namely AVT03, a biosimilar candidate to Prolia / Xgeva (denosumab), for which Alvotech initiated clinical trials in July 2022, AVT05, a biosimilar candidate to Simponi and Simponi Aria (golimumab), AVT06, a biosimilar candidate to Eylea (aflibercept) for which Alvotech initiated clinical trials in July 2022, and AVT23, a biosimilar candidate to Xolair (omalizumab) for which Alvotech has not yet commenced clinical trials.

If Alvotech obtains regulatory approval to market a biosimilar product candidate, its future revenue will depend upon the therapeutic indications for which approval is granted, the size of any markets in which its product candidates may receive approval and its ability to achieve sufficient market acceptance, pricing, reimbursement from third-party payors and adequate market share for its product candidates in those markets. However, even if one or more of Alvotech's product candidates gains regulatory approval and is commercialized, Alvotech may never become profitable.

Alvotech expects to continue to incur significant expenses, which could lead to increasing operating losses for the immediate future. Alvotech anticipates that its expenses will increase substantially if and as Alvotech:

- continues its analytical, nonclinical and clinical development of its product candidates;
- incurs costs associated with becoming and being a public company;
- expands the scope of its current clinical studies for its product candidates;
- advances its programs into more expensive clinical studies;
- initiates additional analytical, nonclinical, clinical or other studies for its product candidates;
- changes or adds contract manufacturers, clinical research service providers, testing laboratories, device suppliers, legal service providers or other vendors or suppliers;
- establishes a sales and marketing infrastructure;
- seeks to identify, assess, acquire and/or develop other biosimilar product candidates or products that may be complementary to its products;
- makes upfront, milestone, royalty or other payments under any license agreements;
- seeks to create, maintain, protect, expand and enforce its intellectual property portfolio;
- engages legal counsel and technical experts to help evaluate and avoid infringing any valid and enforceable intellectual property rights of third parties;
- engages in litigation including patent litigation with reference product companies or others that may hold patents allegedly infringed by Alvotech;
- seeks to attract and retain skilled personnel;
- creates additional infrastructure to support its operations as a public company and its product development and planned future commercialization efforts; and
- experiences any delays or encounters issues with any of the above, including but not limited to failed studies, conflicting results, safety issues, delays due to the COVID-19 pandemic, delays due to the Russia-Ukraine conflict, litigation or regulatory challenges that may require longer follow-up of existing studies, additional major studies or additional supportive studies in order to obtain marketing approval.

Although Alvotech has received upfront payments, milestone and other contingent payments and/or funding for development from some of its collaboration and license agreements, Alvotech never generated substantial revenue from product sales and only launched AVT02 in Canada and select European markets in 2022. Alvotech's ability to generate revenue and achieve profitability depends on its ability, alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory and marketing approvals necessary to commercialize, as well as

successfully commercialize, one or more of its product candidates. Alvotech cannot predict if and when it will begin generating revenue from product sales outside of Canada and select European markets, as this depends heavily on its success in many areas, including but not limited to:

- completing analytical, nonclinical and clinical development of its product candidates;
- developing and testing of its product formulations;
- obtaining and retaining regulatory and marketing approvals for product candidates for which Alvotech completes clinical studies;
- developing a sustainable and scalable manufacturing process for any approved product candidates that is compliant with regulatory manufacturing requirements and establishing and maintaining supply and manufacturing relationships with third parties that can conduct the process and provide adequate (in amount and quality) products to support clinical development and the market demand for its product candidates, if approved;
- launching and commercializing product candidates for which Alvotech obtains regulatory and marketing approval, either directly or with collaboration partners or distributors;
- obtaining adequate third-party payor coverage and reimbursements for its products;
- obtaining market acceptance of biosimilar pharmaceuticals and its product candidates as viable treatment options;
- addressing any competing technological and market developments;
- identifying, assessing and developing (or acquiring/in-licensing) new product candidates;
- negotiating favorable or commercially reasonable terms in any collaboration, licensing or other arrangements into which Alvotech may enter;
- maintaining, protecting and expanding its portfolio of intellectual property rights, including patents, trade secrets and know-how;
- attracting, hiring and retaining qualified personnel; and
- the result of potential litigation including patent litigation with reference product companies or others that may allegedly infringement by Alvotech.

Alvotech partly relies on third-party manufacturers (contract manufacturing organizations, or "**CMOs**") to manufacture and supply Alvotech with its product candidates for its preclinical and clinical studies. Alvotech also relies on third parties to manufacture nonclinical and clinical supplies of its product candidates, to store critical components of its product candidates and perform for Alvotech various services related to the product candidates' compliance with regulatory requirements. Successfully transferring complicated manufacturing techniques to contract manufacturing organizations and scaling up these techniques for commercial quantities is time consuming and Alvotech may not be able to achieve such transfer or do so in a timely manner. Moreover, the availability of contract manufacturing services for protein-based therapeutics is highly variable and there are periods of relatively abundant capacity alternating with periods in which there is little available capacity. If Alvotech's need for contract manufacturing services increases during a period of industry-wide production capacity shortage, Alvotech may not be able to produce its product candidates on a timely basis or on commercially viable terms. Moreover, Alvotech's manufacturing processes utilize single-use processing technology to manufacture drug substance and drug product. Although Alvotech will plan accordingly and generally does not begin a clinical study unless it believes it has a sufficient supply of a product candidate to complete such study, any significant delay, whether due to supply chain interruptions in connection with the COVID-19 pandemic or otherwise, or discontinuation in the supply of a product candidate for an ongoing clinical study due to the need to replace a third-party manufacturer could considerably delay completion of Alvotech's clinical studies, product testing and potential regulatory approval of its product candidates, which could harm its business and results of operations.

Reliance on third-party manufacturers means that Alvotech must rely on third parties for regulatory compliance and quality assurance, the possible breach of the manufacturing agreement by a third party and the possible termination or nonrenewal of the agreement by a third party at a time that is costly or inconvenient for Alvotech. In addition, commercial manufacturing must be produced in compliance with Good Manufacturing Practices ("**cGMP**") regulations. Failure to comply by any CMO may require Alvotech to generate new data, repeat clinical studies, and potentially undergo re-inspection, which would delay the regulatory approval process. In addition, if a CMO does not comply with cGMP, Alvotech's failure or the failure of its third-party manufacturers to comply with applicable regulations could result in sanctions being imposed on Alvotech, including fines, injunctions, civil penalties, delays, license suspension or revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of Alvotech's product candidates or any other product candidates or products that it may develop. Any failure or refusal to supply the components for Alvotech's product candidates that it may develop could delay, prevent or impair its clinical development or commercialization efforts. If Alvotech's contract manufacturers were to breach or terminate their manufacturing arrangements with Alvotech, the development or commercialization of the affected products or product candidates could be delayed, which could have an adverse effect on Alvotech's business. Any change in Alvotech's manufacturers could be costly because the commercial terms of any new arrangement could be less favorable and because the expenses relating to the transfer of necessary technology and processes could be significant. In addition, any changes in Alvotech's manufacturers could necessitate generation of new data and pre-license facility inspections. Changes made during the pendency of a BLA before FDA could result in delay in approval of the BLA.

If any of Alvotech's product candidates are approved, in order to produce the quantities necessary to meet anticipated market demand, any contract manufacturer that Alvotech engages may need to increase manufacturing capacity. If Alvotech is unable to produce its product candidates in sufficient quantities to meet the requirements for the launch of these products or to meet future demand, its revenue and gross margins could be adversely affected. Although Alvotech believes that it will not have any material supply issues, Alvotech cannot be certain that it will be able to obtain long-term supply arrangements for its product candidates or materials used to produce them on acceptable terms, if at all. If Alvotech is unable to arrange for third-party manufacturing, or to do so on commercially reasonable terms, Alvotech may not be able to complete development or commercialization of its products.

In addition, Alvotech engages external transport companies to ship its products between the different supply points used to manufacture the finished product. Delays in shipment, damage of materials during shipment or any other events leading to late delivery or not full amount of ordered quantities could have a significant impact on project timelines, stock on markets and sales.

Alvotech has entered into collaborations with third parties in connection with the development of certain of its product candidates. Even if Alvotech believes that the development of its technology and product candidates is promising, its partners may choose not to proceed with such development if Alvotech materially deviates from the original program timelines, the contractual terms, or breaches the contractual terms.

Alvotech has or may have future collaborations with various partners for the development and commercialization of certain of its biosimilar candidates. Alvotech's existing and future agreements with its collaboration partners are generally subject to termination by the counterparty under certain circumstances. Accordingly, even if Alvotech believes that the development of certain product candidates is worth pursuing, its partners may choose not to continue with such development, if Alvotech materially deviates from the original program timelines, the contractual terms, or breaches the contractual terms. If any of Alvotech's collaborations are terminated, Alvotech may be required to devote additional resources to the development of its product candidates or seek a new collaboration partner, and the terms of any additional collaborations or other arrangements that Alvotech establishes may not be favorable to Alvotech, available under commercially reasonable terms or available at all.

Alvotech is also at risk that its collaborations or other arrangements may not be successful. Factors that may affect the success of its collaborations include the following:

- its collaboration partners may incur financial, legal or other difficulties that force them to limit or reduce their participation in its joint projects;

- its collaboration partners may be pursuing alternative technologies or developing alternative products that are competitive to its technology and products, either on their own or in partnership with others;

- its collaboration partners may terminate their collaborations with Alvotech, which could make it difficult for Alvotech to attract new partners or adversely affect perception of Alvotech in the business and financial communities; and

- its collaboration partners may pursue higher priority programs or change the focus of their development programs, which could affect their commitment to Alvotech.

If Alvotech cannot maintain successful collaborations, its business, financial condition and operating results may be adversely affected.

Alvotech is dependent on its partners, such as Teva and STADA, for the commercialization of its biosimilar products candidates in certain major markets like the EEA and the United States, and their failure to commercialize in those markets could have a material adverse effect on Alvotech's revenue, business and operating results.

Alvotech does not currently have direct sales, marketing, and distribution capabilities. Instead, Alvotech has chosen to market and commercialize its products through partnerships with multiple regional partners. For example, Teva, is responsible for commercialization of, among other product candidates, AVT02, AVT04 and AVT06 in the United States, and STADA is responsible for commercialization of, among other product candidates, AVT02, AVT04 and AVT06 in the EEA. If Alvotech's commercial partners fail to exercise commercially reasonable efforts to market and sell Alvotech's products in their respective licensed jurisdictions (timely or at all) or are otherwise ineffective in doing so, Alvotech's business will be harmed and Alvotech may not be able to adequately remedy the harm through negotiation, litigation, arbitration or termination of the license agreements. Moreover, any disputes with Alvotech's collaboration partners concerning the adequacy of their commercialization efforts will substantially divert the attention of Alvotech's senior management from other business activities and will require Alvotech to incur substantial legal costs to fund litigation or arbitration proceedings and perhaps lead to delayed license-related payments to Alvotech.

- Alvotech is subject to a multitude of risks related to manufacturing. Any adverse developments affecting the manufacturing operations of Alvotech's biosimilar products could substantially increase its costs and limit supply for its products. The process of manufacturing Alvotech's products is complex, highly regulated and subject to the following risks:

- raw material and/or consumable shortages from external suppliers;

- product loss due to contamination, equipment failure, or operator error; and

- equipment installation and qualification failures, equipment breakdowns, labor shortages, natural disasters, power failures and numerous other factors associated with the manufacturing facilities in which its products are produced.

Even minor deviations from normal manufacturing processes for any of its products could result in reduced production yields, product defects and other supply disruptions. Additionally, if microbial, viral or other contaminations are discovered in its products or in the manufacturing facilities in which Alvotech's products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Further, any defects or contaminations, or inadequate disclosure relating to the risk of using Alvotech's products could lead to recalls or safety alerts, or other enforcement action by regulatory authorities. Any adverse developments affecting manufacturing operations for Alvotech's products may result in shipment delays, inventory shortages, lot failures, withdrawals or recalls or other interruptions in the supply of its products. Alvotech may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Alvotech currently engages single suppliers for some manufacture, clinical trial services, formulation development and product testing of its product candidates. The loss of any of these suppliers or vendors could materially and adversely affect its business.

The biologic drug substance used in all Alvotech programs is currently manufactured at the facility of Alvotech hf. in Reykjavik, as is the pre-filled syringe (bulk drug product) for AVT02. In addition, Alvotech relies on certain single third-party suppliers for the safety device assembly and associated finished packaging of the AVT02 pre-filled syringe for all clinical supplies and future commercial supplies and for the combination product assembly and finished packaging of the AVT02 pre-filled syringe for all clinical supplies and future commercial supplies. In addition, Alvotech has engaged a future second contract manufacturer of the combination product and packaging for AVT02. Alvotech has engaged a single contract manufacturer for clinical supplies of AVT06, to conduct the fill and finish manufacturing step for vial presentations. Prior to engaging any contract manufacturer for services, Alvotech performs a qualification of the

site, including a verification of its status with regard to the relevant regulations. In addition, Alvotech performs regular audits as per its contractor management procedures once the contractor is qualified. Prior to any approval inspection, Alvotech engages external partners to help prepare for a successful inspection. Alvotech does not currently have any other suppliers or vendors for the above-mentioned requirements for its product candidates and, although Alvotech believes that there are alternate sources that could satisfy these requirements, Alvotech cannot assure you that identifying and establishing relationships with such would not result in significant delay in the development of its product candidates. Additionally, Alvotech may not be able to enter into arrangements with alternative vendors on commercially reasonable terms or at all. A delay in the development of its product candidates or having to enter into a new agreement with a different third-party on less favorable terms than Alvotech has with its current suppliers could have a material adverse impact upon on its business.

Alvotech has no construction capabilities in China and has partnered with the Joint Venture Partner to develop the Joint Venture's manufacturing facilities in China. Alvotech expects substantially all of the Joint Venture's construction work to be outsourced to the Joint Venture Partner. Alvotech is exposed to risks that the performance of the Joint Venture Partner and third parties supporting the facility construction may not meet its standards or specifications or on its timeline. Negligence or poor work quality by any contractors may result in defects in the Joint Venture's building, which could in turn cause Alvotech to suffer financial losses, harm its reputation or expose Alvotech to third-party claims. Although Alvotech's construction and other contracts contain provisions designed to protect it, Alvotech may be unable to successfully enforce these rights and, even if Alvotech is able to successfully enforce these rights, the Joint Venture Partner may not have sufficient financial resources to compensate Alvotech. Moreover, the Joint Venture Partner may undertake projects from other property developers, engage in risky undertakings or encounter financial or other difficulties, such as supply shortages, labor disputes or work accidents, which may cause delays in the completion of the Joint Venture's property projects or increases in Alvotech's costs. Alvotech may be unable to complete the Joint Ventures manufacturing facilities development on time, with sufficient workmanship or at all, which may cause it to be unable to scale up its manufacturing capabilities sufficiently or at all, rendering it unable to meet demand for, and successfully commercialize, any products, which may materially adversely affect its business, financial condition, reputation and results of operations.

The Chinese economic, legal, and political landscape differs from other countries in many respects, including the level of government involvement and regulation, control of foreign exchange and allocation of resources, and uncertainty regarding the enforceability and scope of protection for intellectual property rights among others. The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The laws, regulations and legal requirements in China are also subject to frequent changes and the exact obligations under and enforcement of laws and regulations are often subject to unpublished internal government interpretations and policies which makes it challenging to ascertain compliance with such laws. This uncertainty includes investigations and inquiries into graft, corruption and other crimes, the nature of which are difficult to predict. If one or more of the senior executives of the Joint Venture Partner or the Joint Venture or related entities are questioned or come under investigation under such an inquiry, for example, the Joint Venture's performance could be materially adversely impacted and in turn Alvotech's realization of its investment in such joint ventures and facilities, even if the claims underlying such questions or inquiry are proven false or challenging to verify.

Furthermore, Alvotech's ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. Alvotech believes that its operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central Chinese government or the local government of the jurisdiction in which Alvotech operates may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on Alvotech's part to ensure its compliance with such regulations or interpretations. For example, certain Joint Venture permits and certifications could be withdrawn, which could significantly impair or eliminate the Joint Venture's ability to operate in China. Any actions and policies adopted by the Chinese government, or any prolonged slowdown in China's economy, could have an adverse effect on Alvotech's business, results of operations and financial condition.

The relationship between China and the United States is subject to periodic tension. Relations may also be compromised if the United States pressures the Chinese government regarding its monetary, economic, or social policies. Changes in political conditions in China and changes in the state of China-U.S. relations are difficult to predict and could adversely affect the operations or financial condition of the Joint Venture.

Alvotech's reliance on third parties requires Alvotech to share its trade secrets, which increases the possibility that a competitor will discover them or that Alvotech's trade secrets will be misappropriated or disclosed.

Because Alvotech relies on third parties to develop and manufacture its product candidates, Alvotech must, at times, share trade secrets with them. Alvotech seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaboration partners, advisors, employees and consultants prior to beginning research or disclosing proprietary information, such as trade secrets. These agreements typically limit the rights of the third parties to use or disclose Alvotech's confidential information, such as trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by Alvotech's competitors, are inadvertently incorporated into the technology of others or are disclosed or used in violation of these agreements. Given that Alvotech's proprietary position is based, in part, on its know-how and trade secrets, a competitor's discovery of Alvotech's trade secrets or other unauthorized use or disclosure would impair Alvotech's competitive position and may have a material adverse effect on Alvotech's business.

Alvotech may not be successful in its efforts to identify, develop or commercialize additional product candidates. Although a substantial amount of Alvotech's effort will focus on the continued testing, potential approval and commercialization of its existing product candidates, the success of Alvotech's business also depends upon its ability to identify, develop and commercialize additional product candidates (in addition to the lead candidates). Research programs to identify new product candidates require substantial technical, financial and human resources. Alvotech may focus its efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful. Alvotech's development efforts may fail to yield additional product candidates suitable for development and/or commercialization for the following reasons:

- Alvotech may not be successful in identifying potential product candidates that pass its strict screening criteria;
- Alvotech may not be able to overcome technological hurdles to development or a product candidate may not be capable of producing commercial quantities at an acceptable cost or at all;
- Alvotech may not be able to assemble sufficient resources to acquire or discover additional product candidates;
- Alvotech's product candidates may not succeed in analytical, nonclinical, or clinical testing;
- Alvotech's potential product candidates may fail to show biosimilarity to reference products;
- Alvotech may not be successful in overcoming intellectual property obstacles in a timely manner or at all; and
- competitors may develop alternatives that render Alvotech's product candidates obsolete or less attractive or the market for a product candidate may change such that a product candidate may not justify further development.

If any of these events occur, Alvotech may be forced to abandon its development efforts for a program or programs or Alvotech may not be able to identify, develop or commercialize additional product candidates, which would have a material adverse effect on Alvotech's business and could potentially cause Alvotech to cease operations.

Alvotech expects other companies to seek approval to manufacture and market biosimilars to Humira, Prolia/Xgeva, Stelara, Simponi/Simponi Aria, Eylea or Xolair. If other biosimilars to Humira, Prolia/Xgeva, Stelara, Simponi/Simponi Aria, Eylea or Xolair, or other non-reference products in the same therapeutic spaces are approved and successfully commercialized before AVT02, AVT03, AVT04, AVT05, AVT06 or AVT23, respectively, Alvotech may never achieve significant market share for these products, its revenue would be reduced and, as a result, its business, prospects and financial condition could suffer.

If an improved version of a reference product, such as Humira, Prolia or Xgeva, Stelara, Simponi/Simponi Aria, Eylea or Xolair is developed or if the market for the reference product significantly declines, sales or potential sales of Alvotech's biosimilar product candidates may suffer. Companies may develop improved versions, treatment regimens, combinations and/or doses of a reference product as part of a life cycle extension strategy and may obtain regulatory approval of the improved version under a new or supplemental BLA, or equivalent foreign procedure, filed with the applicable regulatory authority. Should the company manufacturing the reference product for any of Alvotech's candidate products succeed in obtaining an approval of an improved biologic product, it may capture a significant share

of the market for the reference product in the applicable jurisdiction and significantly reduce the market for the reference product and thereby the potential size of the market for Alvotech's biosimilar product candidates. In addition, the improved product may be protected by additional regulatory exclusivity or patent rights that may subject Alvotech's follow-on biosimilar to claims of infringement.

Biologic reference products may also face competition as technological advances are made that may offer patients a more convenient form of administration or increased efficacy or as new products are introduced. As new products are approved that compete with the reference product for Alvotech's biosimilar product candidates, sales of the reference products may be adversely impacted or rendered obsolete. If the market for the reference product is impacted, Alvotech may lose significant market share or experience limited market potential for its approved biosimilar products or product candidates, and the value of Alvotech's product pipeline could be negatively impacted. As a result of the above factors, Alvotech's business, prospects and financial condition could suffer.

If efforts by manufacturers of reference products to prevent, delay or limit the use of biosimilars are successful, Alvotech's business may be negatively affected, in particular on the sales of its biosimilar products. Many manufacturers of reference products have increasingly used legislative, regulatory and other means to prevent or delay regulatory approval and to seek to restrict competition from manufacturers of biosimilars.

In 2012, Abbott Laboratories filed a Citizen Petition with the FDA asking the agency to refrain from accepting biosimilar applications under the BPCIA arguing that to approve such applications, without compensation to the reference product sponsor, would constitute an unconstitutional taking of a reference company's valuable trade secrets under the fifth amendment of the U.S. constitution. The FDA denied this citizen petition in 2016. Other reference companies may file Citizen Petitions in an effort to restrict or prevent the introduction of biosimilars. If the FDA or a federal court determines that biosimilar applications under the BPCIA should be limited, Alvotech's business may be negatively impacted.

Alvotech faces intense competition and rapid technological changes and the possibility that Alvotech's competitors and originators such as AbbVie and Janssen may develop therapies that are similar, more advanced or more effective than Alvotech's, which may adversely affect Alvotech's financial condition and its ability to successfully commercialize its product candidates.

Alvotech has competitors both in the United States and internationally, including major multinational pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies. Some of the pharmaceutical and biotechnology companies developing biosimilars Alvotech expects to compete with include, for example, Celltrion Healthcare Co., Ltd. ("**Celltrion**"), Coherus, Amgen, Pfizer Inc. ("**Pfizer**"), Samsung Bioepis, Ltd. ("**Samsung Bioepis**"), and Sandoz International GmbH ("**Sandoz**"), as well as other smaller companies. These companies may develop biosimilars or other products in the same therapeutic space as Alvotech's products. For example, based on publicly available information, Alvotech expects AbbVie (the originator), Amgen, Boehringer Ingelheim GmbH, Biocon/Fujifilm/Viatris, Celltrion, Fresenius Kabi Pfizer, Samsung Bioepis, Coherus and Sandoz to be its main competitors for AVT02, a biosimilar product candidate to Humira (adalimumab); Janssen (the originator), Amgen, Celltrion, BioFactura, Bio-Thera, Formycon, Dong A/Meiji Seika, Neuclone, Samsung Bioepis, and Biocon to be its main competitors for AVT04, a biosimilar candidate to Stelara (ustekinumab); Amgen (the originator), Celltrion, Eden Biologics, Fresenius Kabi, Samsung Bioepis, Sandoz, Gedeon Richter, mAbxience, Biocpn, Henlius and Teva to be its main competitors for AVT03, a biosimilar candidate to Prolia / Xgeva (denosumab); Janssen (the originator), and Bio-thera to be its main competitors for AVT05, a biosimilar candidate of Simponi and Simponi Aria (golimumab); and Regeneron/Bayer Health Care (the originator), Amgen, Celltrion, Formycon, Altos, Sam Chun Dang, Samsung Bioepis, Sandoz, and Viatris, to be its main competitors for AVT06, a biosimilar candidate to Eylea (aflibercept); and Genentech (the originator), Celltrion and Teva, to be its main competitors for AVT23, a biosimilar candidate to Xolair (omalizumab).

Some of Alvotech's competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the pharmaceutical industry may result in even more resources being concentrated in Alvotech's competitors. As a result, these companies may obtain regulatory approval more rapidly than Alvotech is able to and may be more effective in selling and marketing their products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Alvotech's competitors may succeed in developing, acquiring or licensing on an exclusive basis, products that are more effective or less costly than any product candidate that Alvotech may develop; they may also obtain patent protection that could block Alvotech's products; and they may obtain regulatory approval, product commercialization and market penetration earlier than Alvotech do. Additionally, Alvotech's competitors may have more resources in order to effectively pursue,

defend against or settle with regard to potential or ongoing litigation. Biosimilar product candidates developed by Alvotech's competitors may render its potential product candidates uneconomical, less desirable or obsolete, and Alvotech may not be successful in marketing its product candidates against competitors. Competitors may also assert in their marketing or medical education programs that their biosimilar products demonstrate a higher degree of biosimilarity to the reference products than do Alvotech or other competitor's biosimilar products, thereby seeking to influence health care practitioners to select their biosimilar products, versus Alvotech or other competitors.

If Alvotech is unable to establish effective sales and marketing capabilities in jurisdictions for which Alvotech chooses to retain commercialization rights or if Alvotech is unable to enter into agreements with third parties to market and sell its product candidates, and Alvotech is unable to establish and maintain a marketing and sales organization, Alvotech may be unable to generate substantial or any revenue.

Further, given Alvotech's lack of prior experience in marketing and selling biopharmaceutical products, Alvotech's initial estimate of the size of the required sales force may be materially more or less than the size of the sales force actually required to effectively commercialize its product candidates. As such, Alvotech may be required to hire substantially more sales representatives to adequately support the commercialization of its product candidates or Alvotech may incur excess costs as a result of hiring more sales representatives than necessary. With respect to certain geographical markets, Alvotech may enter into collaborations with other entities to utilize their local marketing and distribution capabilities, but Alvotech may be unable to enter into such agreements on favorable terms, if at all. If Alvotech's future collaboration partners do not commit sufficient resources to commercialize its future products, if any, and Alvotech is unable to develop the necessary marketing capabilities on its own, Alvotech will be unable to generate sufficient product revenue to sustain its business. Alvotech expects competition from companies such as Celltrion, Sandoz, Amgen, Pfizer, Fresenius Kabi, Boehringer Ingelheim, Coherus and Viatris that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third-party to perform marketing and sales functions, Alvotech may be unable to compete successfully against these more established companies.

Alvotech may need to enter into alliances with other companies that can provide capabilities and funds for the development and commercialization of its product candidates. If Alvotech is unsuccessful in forming or maintaining these alliances on sufficiently favorable terms, its business could be adversely affected.

Alvotech expects its manufacturing facility in Reykjavik to be able to scale up its capabilities for commercial production. Nevertheless, Alvotech is expected to retain contract manufacturing organization services as a second source of supply, including for business continuity risk mitigation. In addition, because Alvotech has limited capabilities for late-stage product development, manufacturing, sales, marketing and distribution, Alvotech has found it necessary to enter into alliances with other companies. Alvotech entered into a collaboration agreement with Teva for the development and commercialization of AVT02 in the United States. Similarly, Alvotech entered into a collaboration agreement with STADA for the development and commercialization of AVT02 in the European Union. In the future, Alvotech may also find it necessary to form alliances or joint ventures with major pharmaceutical companies to jointly develop and/or commercialize specific biosimilar product candidates. In such alliances, Alvotech would expect its collaboration partners to provide substantial capabilities in clinical development, manufacturing, regulatory affairs, sales and marketing. Alvotech may not be successful in entering into any such alliances. Even if Alvotech does succeed in securing such alliances, Alvotech may not be able to maintain them if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing. If Alvotech is unable to secure or maintain such alliances Alvotech may not have the capabilities necessary to continue or complete development of its product candidates and bring them to market, which may have an adverse effect on its business. In addition to product development and commercialization capabilities, Alvotech may depend on its alliances with other companies to provide substantial additional funding for development and potential commercialization of its product candidates. Alvotech may not be able to obtain funding on favorable terms from these alliances, and if Alvotech is not successful in doing so, Alvotech may not have sufficient funds to develop a particular product candidate internally or to bring product candidates to market. Failure to bring Alvotech's product candidates to market will prevent Alvotech from generating sales revenue, and this may substantially harm its business, prospects and financial condition. Furthermore, any delay in entering into these alliances could delay the development and commercialization of Alvotech's product candidates and reduce their competitiveness even if they reach the market. As a result, Alvotech's business and operating results may be adversely affected.

The commercial success of any current or future product candidate will depend upon the degree of market acceptance by physicians, patients, third-party payors and others in the medical community.

Even with the requisite approvals from the FDA, the EMA and comparable regulatory authorities, the

commercial success of Alvotech's product candidates will depend in part on the medical community, patients and third-party payors accepting Alvotech's product candidates as medically useful, cost-effective and safe. Any product that Alvotech brings to the market may not gain market acceptance by physicians, patients, third-party payors and others in the medical community. The degree of market acceptance of any of Alvotech's product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the safety and efficacy of the product as demonstrated in clinical studies and through the demonstration of biosimilarity;
- any potential advantages over competing biosimilars and/or other treatments in the same therapeutic space(s);
- the prevalence and severity of any side effects, including any limitations or warnings contained in a product's approved labeling;
- the clinical indications for which approval is granted;
- the possibility that a competitor may achieve interchangeability in the United States and Alvotech may not;
- relative convenience and ease of administration;
- the extent to which its product may be more or less similar to the reference product than competing biosimilar product candidates;
- policies and practices governing the naming of biological product candidates;
- prevalence of the disease or condition for which the product is approved;
- the cost of treatment, particularly in relation to competing treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support and timing of market introduction of competitive products;
- publicity concerning its products or competing products and treatments;
- the extent to which third-party payors provide adequate third-party coverage and reimbursement for its product candidates, if approved;
- patients' willingness to pay out-of-pocket in the absence of such coverage and adequate reimbursement; and
- its ability to maintain compliance with regulatory requirements.

Even if a potential biosimilar product is expected to have a highly similar efficacy and safety profile to the reference product, as demonstrated through analytical, nonclinical, and clinical studies, market acceptance of the product will not be fully known until after it is launched and may be negatively affected by a potential poor safety experience and the track record of other biosimilar product candidates. Alvotech's efforts to educate the medical community and third-party payors on the benefits of the product candidates may require significant resources, may be under-resourced compared to large well-funded pharmaceutical entities and may never be successful. If Alvotech's product candidates are approved but fail to achieve an adequate level of acceptance by physicians, patients, third-party payors and others in the medical community, Alvotech will not be able to generate sufficient revenue to become or remain profitable.

The third-party coverage and reimbursement status of newly-approved products is uncertain. Failure of Alvotech's third-party commercial partners to obtain or maintain adequate coverage and reimbursement for new or current products could limit Alvotech's ability to market those products and decrease its ability to generate revenue.

Pricing, coverage and reimbursement of Alvotech's biosimilar product candidates, if approved, may not be adequate to support its commercial infrastructure. Alvotech's per-patient prices may not be sufficient to recover its development and manufacturing costs and potentially achieve profitability. Accordingly, the availability and adequacy of coverage and reimbursement by governmental and private payors are essential for most patients to be able to afford expensive treatments such as Alvotech's products, if approved. Sales of Alvotech's product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of Alvotech's product candidates will be paid for by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations or reimbursed by government authorities, private health insurers and other third-party payors. If coverage and reimbursement are not available, or are available only to limited levels, Alvotech may not be able to successfully commercialize its product candidates. Even if coverage is provided, the approved reimbursement amount may not be adequate to allow Alvotech to establish or maintain pricing sufficient to realize a return on its investment. There is significant uncertainty related to third-party coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered and reimbursed. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs and biologics. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for Alvotech's biosimilar product candidates, if approved. In addition, in the United States, no uniform policy of coverage and reimbursement for biologics exists among third-party payors. Therefore, coverage and reimbursement for biologics can differ significantly from payor to payor. As a result, the process for obtaining favorable coverage determinations often is time-consuming and costly and may require Alvotech to provide scientific and clinical support for the use of its products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained. Further, coverage policies and third-party payor reimbursement rates may change at any time. Therefore, even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future.

Alvotech believes the increasing emphasis on cost-containment initiatives in EEA, Canada and other countries has and will continue to put pressure on the pricing and usage of its product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical products but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that Alvotech is able to charge for its product candidates. Accordingly, in markets outside the United States, the reimbursement for Alvotech's products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to control healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for Alvotech's product candidates. Certain cost containment practices may adversely affect Alvotech's product sales. Alvotech expects to experience pricing pressures in connection with the sale of any of its product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes.

If Alvotech's third-party commercial partners are unable to establish or sustain coverage and adequate reimbursement for any of Alvotech's product candidates from third-party payors, the adoption of those products and sales revenue will be adversely affected, which, in turn, could adversely affect Alvotech's ability to market or sell those product candidates, if approved. Alvotech's biosimilar product candidates, if approved, could face price competition from other biosimilars of the same reference products for the same indication. This price competition could exceed Alvotech's capacity to respond, detrimentally affecting its market share and revenue as well as adversely affecting the overall financial health and attractiveness of the market for the biosimilar. Alvotech expects to enter highly competitive biosimilar markets. Successful competitors in the biosimilar market have the ability to effectively compete on price through payors and their third-party administrators who exert downward pricing pressure. It is possible Alvotech's biosimilar competitors' compliance with price discounting demands in exchange for market share could exceed Alvotech's capacity to respond in kind and reduce market prices beyond its expectations. Such practices may limit Alvotech's and its collaboration partners' ability to increase market share and will also impact profitability.

Alvotech is highly dependent on the services of its key executives and personnel and if Alvotech is not able to retain these members of its management or recruit additional management, clinical and scientific personnel, its operations and future performance will suffer.

Alvotech is highly dependent on the principal members of its management and scientific and technical staff. The loss of service of any of its management or key scientific and technical staff could harm its business, prospects and financial condition. In addition, Alvotech will need to expand and effectively manage its managerial, scientific, operational, financial and other resources in order to successfully pursue its clinical development and commercialization efforts. The pharmaceutical industry has experienced a high rate of turnover of management personnel in recent years. If Alvotech is not able to retain its management and to attract, retain and motivate on acceptable terms, additional qualified personnel necessary for the continued development of its business, Alvotech may not be able to sustain its operations or grow.

Alvotech's future performance will also depend, in part, on its ability to successfully integrate newly hired executive officers into its management team and its ability to develop an effective working relationship among senior management. Alvotech's failure to integrate these individuals and create effective working relationships among them and other members of management could result in inefficiencies in the development and commercialization of its product candidates, harming future regulatory approvals, sales of its product candidates and its results of operations. Additionally, Alvotech does not currently maintain "key person" life insurance on the lives of its executives or any of its employees.

Alvotech has been and will need to continue to expand its organization and Alvotech may experience difficulties in managing this growth, which could disrupt its operations.

As of July 28 2022, Alvotech had 903 employees, including 25 contractors. Additionally, Alvotech relies on a number of temporary workers from time-to-time as needed. As its development and commercialization plans and strategies develop, Alvotech expects to need additional managerial, operational, sales, marketing, financial, legal and other resources. Alvotech's management may need to divert a disproportionate amount of its attention away from its day-to-day activities and devote a substantial amount of time to managing these growth activities. Alvotech may not be able to effectively manage the expansion of its operations, which may result in weaknesses in its infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. In addition, Alvotech's success depends on its ability to attract and retain a talented workforce with a specialized set of skills. A significant part of Alvotech's employees are expatriates and may need to obtain work visas in the country of operations. Changes to immigration laws or other restrictions on the movement of persons might make it more difficult for Alvotech to attract and retain talented employees. Alvotech's expected growth could also require significant capital expenditures and may divert financial resources from other projects, such as the development of its current and potential future product candidates. If Alvotech's management is unable to effectively manage its growth, its expenses may increase more than expected, its ability to generate and/or grow revenue could be reduced and Alvotech may not be able to implement its business strategy. Alvotech's future financial performance and its ability to commercialize product candidates and compete effectively will depend, in part, on its ability to effectively manage any future growth.

On November 16, 2022, Alvotech acquired its Reykjavik manufacturing and research facility, which Alvotech has previously leased from ATP Holdings ehf., a company affiliated to Aztiq Pharma Partners, a related party. Simultaneously, Alvotech entered into a loan facility for $50.0 million with Landsbankinn hf., secured with a first priority mortgage over the facility. As owner of the manufacturing and research facility, Alvotech is responsible for the maintenance, upkeep and improvements of the facility, for obtaining and maintaining all permits related to the facility and activities therein, and a significant disruption at the facility, whether it be due to fire, natural disaster, power loss, intentional acts of vandalism, climate change, war, terrorism, insufficient quality, or cyber-attacks could materially and adversely affect our business. In addition, failure to make timely payments under the loan facility with Landsbankinn hf. may lead to the loss of Alvotch's facility and equipment therein.

1.1.2 Risks related to Alvotech's financial situation

Alvotech is a biotech company with a limited operating history. Alvotech has incurred net losses in each year since its inception in 2013, including net losses of $101.5 million, $170.0 million and $209.9 million for the years ended December 31, 2021, 2020 and 2019, respectively, and had an accumulated deficit of $1,140.5 million as of December 31, 2021. As a result, Alvotech's recurring losses raise substantial doubt as to its ability to continue as a going concern.

Further, the net losses Alvotech incurs may fluctuate significantly from quarter-to-quarter and year-to-year such that a period-to-period comparison of its results of operations may not be a good indication of its future performance quarter-to-quarter and year-to-year due to factors including the timing of clinical trials, any litigation that Alvotech may file or that may be filed against Alvotech, the execution of collaboration, licensing or other agreements and the timing of any payments Alvotech makes or receives thereunder.

Alvotech's operational and financial results are subject to concentration risk. Alvotech's success will depend significantly on the development of a limited number of product candidates, their regulatory approval in a limited number of jurisdictions and their commercialization by a limited number of commercial partners. Even if Alvotech is successful in developing and commercializing all of these products, its revenue will be dependent on a limited number of products that would account for a significant majority of its revenues. This concentration risk would increase to the extent Alvotech is successful in developing and commercializing fewer products as it would be dependent on a lower number of products for the significant majority of its revenues. Unfavorable changes or the non-occurrence of certain anticipated events with respect to any of these limited number of products, jurisdictions or commercial partners may disproportionally affect Alvotech's global results.

Alvotech's ability to make principal and interest payments on and to refinance its indebtedness will depend on its ability to generate cash in the future. In particular, if Alvotech's business does not generate sufficient cash flow, if currently anticipated costs and revenues are not realized on schedule, in the amounts projected or at all, or if future borrowings are not available to Alvotech in amounts sufficient to enable Alvotech to pay its indebtedness or to fund its other liquidity needs, Alvotech's financial condition and results of operations may be adversely affected. If Alvotech cannot generate sufficient cash flow to make scheduled principal and interest payments on its debt obligations in the future, Alvotech may need to refinance all or a portion of its indebtedness on or before maturity, sell assets, delay capital expenditures or seek additional equity. If Alvotech is unable to refinance any of its indebtedness on commercially reasonable terms or at all or to effect any other action relating to its indebtedness on satisfactory terms or at all, Alvotech may be forced to reduce or discontinue operations or seek protection of the bankruptcy laws, its business may be harmed and its securityholders may lose some or all of their investment.

Alvotech may need to raise substantial additional funding from shareholders or third parties. This additional funding may not be available on acceptable terms or at all. Failure to obtain such necessary capital when needed may force Alvotech to delay, limit or terminate its product development efforts or other operations. Alvotech may however be unable to generate sufficient cash flow to satisfy its significant debt service obligations, which would adversely affect its financial condition and results of operations.

Developing Alvotech's product candidates is expensive, and Alvotech expects its research and development expenses to increase substantially in connection with its ongoing activities, particularly as Alvotech advances its product candidates through clinical studies.

On April 18, 2022, Alvotech entered into a Standby Equity Purchase Agreement ("**SEPA**") with YA II PN, LTD. ("**Yorkville**") pursuant to which, subject to the consummation of the Business Combination, Alvotech has the option, but not the obligation, to issue, and Yorkville shall subscribe for, an aggregate amount of up to $150.0 million of Ordinary Shares at the time of Alvotech's choosing during the term of the agreement, subject to certain limitations. Each advance under the SEPA (an "**Advance**") may be for an aggregate amount of Ordinary Shares purchased at 98.0% of the market price during a one- or three-day pricing period elected by Alvotech. The "Market Price" is defined in the SEPA as the average of the VWAPs (as defined below) during the one trading day, in the case of a one-day pricing period, or during each of the three consecutive trading days, in the case of a three-day pricing period, commencing on the trading day following the date Alvotech submits an Advance notice to Yorkville. "VWAP" means, for any trading day, the daily volume weighted average price of the Ordinary Shares for such date on Nasdaq as reported by Bloomberg L.P. during regular trading hours. The SEPA will continue for a term of three years commencing from the date of execution of the definitive agreement. To the extent that Yorkville is unable or unwilling to advance the funds committed under the debt facility and the SEPA, for any reason, that Alvotech is unable to meet the conditions precedent to use this facility, this may have a material adverse effect on Alvotech's liquidity.

However, even with the aforementioned cash received during 2022, and expected to be received in the future, management has determined that there is a material uncertainty that may cast significant doubt about Alvotech's ability to continue as a going concern, the audited financial statements appearing at the end of this prospectus have been prepared on a going concern basis without adjustments that might result from the outcome of this uncertainty and the report of Alvotech's Independent Registered Public Accounting Firm thereon includes an explanatory paragraph to that effect.

The Senior Bonds issued by Alvotech in December 2018, as amended and restated on November 16, 2022, and the Aztiq Convertible Bond issued on November 16, 2022 (together, the "**Bond Agreements**") contain customary terms and covenants, as well as customary events of default, after which the bonds may be due and payable immediately, including defaults related to payment compliance, material inaccuracy of representations and warranties, covenant compliance, material adverse changes, bankruptcy and insolvency proceedings, judgments against us, and change of control or delisting events.

In addition, the Bond Agreements contain, and any future indebtedness Alvotech may incur may contain, various negative covenants that restrict or may restrict, among other things, our ability to:

- incur additional indebtedness, guarantee indebtedness or issue disqualified shares or, in the case of such subsidiaries, preferred shares;
- declare or pay dividends on, repurchase or make distributions in respect of, their capital stock or make other restricted payments;
- make investments or acquisitions;
- create liens;
- enter into agreements restricting certain subsidiaries' ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets and the assets of our restricted subsidiaries;
- enter into transactions with affiliates;
- sell, transfer or otherwise convey certain assets; and
- prepay certain types of indebtedness.

As a result, Alvotech is limited in the manner in which Alvotech conducts its business and may be unable to engage in favorable business activities, repurchase ordinary shares or finance future operations or capital needs. Servicing these bonds requires a significant amount of cash, and Alvotech may not have sufficient cash flow from its business to pay its substantial debt. Alvotech's ability to make scheduled payments of the principal of, to pay interest on or to refinance its indebtedness depends on Alvotech's future performance, which is subject to economic, financial, competitive and other factors beyond Alvotech's control. Alvotech's business may not generate cash flow from operations in the future sufficient to service its debt and make necessary capital expenditures. If Alvotech is unable to generate such cash flow, Alvotech may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. If Alvotech is unable to make its quarterly instalment payments in cash, Alvotech may be forced to issue a significant number of ordinary shares which could dilute existing shareholders. Alvotech's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. Alvotech may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

Alvotech may therefore require additional capital to obtain regulatory approval for, and to successfully commercialize, its product candidates. In addition, its operating plans may change as a result of many factors that are currently unknown to Alvotech, and Alvotech may need to seek additional funding sooner than planned. Alvotech believes that the following are the material factors upon which future funding requirements will depend on:

- the scope, rate of progress, results and cost of its analytical studies, clinical studies, nonclinical testing and other related activities;
- the cost of manufacturing clinical supplies and establishing commercial supplies, of its product candidates and any products that Alvotech may develop;
- the number and characteristics of product candidates that Alvotech pursues;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities;
- the terms and timing of any collaborative, licensing and other arrangements that Alvotech may establish, including any milestone and royalty payments thereunder; and

- the cost, timing and outcomes of any litigation that Alvotech may file or that may be filed against Alvotech by third parties.

Alvotech is subject to foreign exchange risk in its operations, as a majority of its financial assets and financial liabilities are denominated in currencies other than Alvotech's functional currency. Any strengthening or weakening of Alvotech's significant foreign currencies against the USD could impact the measurement of financial instruments in a foreign currency and affect equity. Alvotech's significant asset and liabilities denominated in foreign currencies as of December 31, 2021 and December 31, 2020 are denominated in EUR, GBP, ISK, and CHF. Alvotech analyzes at the end of each year the sensitivity to foreign currency exchange changes. Specifically, Alvotech has performed an analysis to understand the impact of an increase or decrease of a 10% strengthening or weakening of each significant foreign currency, keeping all other variables consistent, as of December 31, 2021. Through this analysis, Alvotech notes that the only foreign currency that had a material impact was ISK, while all other currencies did not significantly fluctuate. Refer to Note 25 of the consolidated financial statements included elsewhere in this prospectus for further information.

Alvotech's interest-bearing investments and borrowings are subject to interest rate risk. Alvotech's exposure to the risk of fluctuations in market interest rates primarily relates to the cash in bank that is denominated with floating interest rates. Alvotech analyzes at the end of each year the sensitivity to interest rate changes.

Alvotech may not be able to utilize a significant portion of its Iceland NOL carryforwards. As of December 31, 2021, Alvotech had Iceland net operating loss ("**NOL**") carryforwards. There can be no certainty that Alvotech will generate revenue from sales of products outside Canada or select European countries in the foreseeable future, if ever, and Alvotech may never achieve profitability. These NOL carryforwards could expire unused and be unavailable to offset future income tax liabilities. In the absence of such profitability, any increased liabilities could adversely affect its business, results of operations, financial position and cash flows.

1.1.3 Risks relating to legal, regulatory and compliance matters

1.1.3.1 Regulatory review and approval processes

The regulatory review and approval processes of the FDA, European Commission, EMA and comparable national or regional authorities are lengthy, time consuming and have uncertain outcomes. If Alvotech and its collaboration partners are unable to obtain regulatory approval for its product candidates, its business will be substantially harmed. Alvotech cannot give any assurance that marketing authorization applications for any of its product candidates will receive regulatory approval, which is necessary before they can be commercialized. Alvotech's future success is dependent on its ability to develop, obtain regulatory approval for, and then commercialize and obtain adequate third-party coverage and reimbursement for one or more product candidates. Alvotech currently does not have any approved products and generates no revenue from sales of any products, other than for AVT02 in Europe, Canada and the UK. Alvotech may never be able to develop or commercialize a marketable product other than AVT02 in Europe, Canada and the UK. The research, development, testing, manufacturing, labeling, packaging, approval, promotion, advertising, storage, marketing, distribution, post-approval monitoring and reporting and export and import of biologic products are subject to extensive regulation by the FDA and other regulatory authorities in the United States, by the European Commission, the EMA and the Competent National Authorities in the European Economic Area ("**EEA**"), and by other regulatory authorities in other countries, which regulations differ from country to country. Neither Alvotech nor any collaboration partner is permitted to market its product candidates before receiving market authorization/approval from the appropriate regulatory authorities. The time required to seek and obtain market authorization/approval by the FDA, EMA and comparable authorities is unpredictable, may take many years following the completion of clinical studies and depends upon numerous factors. In addition, approval requirements, regulations, or considerations with respect to the type and amount of clinical, nonclinical and analytical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the submission of an application for marketing authorization/approval, the authorization or approval, or the decision not to approve an application. Other than the regulatory approval received in the European Union, Canada and the UK for AVT02, neither Alvotech nor any collaboration partner has obtained regulatory approval for any of its product candidates in the United States, the EEA or in additional other countries where Alvotech or its partners have commercial rights, and it is possible that none of its current or future product candidates will ever obtain regulatory approval.

These lengthy approval processes, as well as the unpredictability of the results of analytical, nonclinical, and clinical studies, may result in Alvotech's failure to obtain regulatory approval to market any of its product candidates, which would significantly harm its business, prospects and financial condition. Moreover, any delays in the commencement or completion of product testing could significantly impact its product development costs and could result

in the need for additional financing. For example, Alvotech's clinical trials must use reference products as comparators, and such supplies may not be available on a timely basis to support such trials.

Most of Alvotech's product candidates are in varying stages of development and will require additional clinical development, management of analytical, nonclinical, clinical and manufacturing activities, regulatory approval, adequate manufacturing supplies, commercial organization and significant marketing efforts before Alvotech may generate any revenue from product sales. Alvotech's BLA for AVT02 supporting biosimilarity was filed with the FDA on September 4, 2020 and its BLA for AVT02 supporting interchangeability was accepted for review in February 2022. In September 2022, Alvotech announced that it had received communication from the FDA detailing its assessment of the March 2022 inspection of Alvotech's manufacturing facility in Reykjavik, Iceland and Alvotech's subsequent written responses to the FDA. The FDA's complete response letter to the initial biosimilar BLA for AVT02 noted certain deficiencies and stated that satisfactory resolution of the deficiencies is required before FDA may approve this first-filed BLA. Alvotech is working collaboratively with FDA to resolve these issues and to date the agency has not indicated that this complete response letter will impact the interchangeable BLA. Alvotech received regulatory approval in the European Union in November 2021, and in Canada and the UK in January 2022; in May 2022, Alvotech reported positive topline results from two clinical studies for its second product candidate, AVT04, in July 2022 Alvotech announced the initiation of its clinical trials for AVT06 and AVT03, while AVT05 and AVT23 are in pre-clinical development.

Although certain of its employees have prior experience with submitting marketing applications to the FDA, EMA and comparable national or regional regulatory authorities, Alvotech has not achieved approval for such applications for its product candidates other than in the European Union, Canada and the UK for AVT02. Alvotech cannot be certain that any of its product candidates will receive additional regulatory approval. If Alvotech and its collaboration partners do not receive regulatory approvals for enough of its product candidates in sufficiently large markets, Alvotech may not be able to continue its operations.

In addition, if Alvotech changes the regulatory pathway through which it intends to seek approval of any of its product candidates, Alvotech may have to conduct additional clinical trials, which may delay its ability to submit a marketing application for the product. Even if Alvotech or its collaboration partners were to obtain approval for any of its product candidates, the FDA, EMA or comparable regulatory authorities may limit the scope of such approval, e.g., for fewer or more limited indications than Alvotech has sought licensure, may grant approval contingent on the completion of costly additional clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for Alvotech's product candidates.

Alvotech and its collaboration partners and contract manufacturers are subject to significant regulation with respect to manufacturing its product candidates. The manufacturing facilities on which Alvotech relies may not continue to meet regulatory requirements or may not be able to meet supply demands.

All entities involved in the preparation of therapeutics for clinical studies or commercial sale, including its existing contract manufacturers for Alvotech's product candidates, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of its product candidates that may not be detectable in final product testing. Alvotech, its collaboration partners or its contract manufacturers must supply all necessary documentation in support of a market application on a timely basis and must adhere to GLP and cGMP regulations enforced by the FDA, EMA and other regulatory agencies through their facilities inspection program. Not all contractors supporting Alvotech product candidates may be collaboration partners and third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of Alvotech's product candidates. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of Alvotech's product candidates or the associated quality systems for compliance with the regulations applicable to the activities being conducted. Although Alvotech oversees the contract manufacturers, Alvotech cannot control the implementation of the manufacturing process used by its contract manufacturing partners. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the products may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever.

The regulatory authorities also may, at any time following approval of a product for sale, audit the manufacturing facilities of Alvotech's collaboration partners and third-party contractors. If any such inspection or audit identifies a

failure to comply with applicable regulations or if a violation of Alvotech's product specifications or applicable regulations occurs independent of such an inspection or audit, Alvotech or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for Alvotech or a third party to implement and that may include the temporary or permanent suspension of a clinical study or commercial sales or import or the temporary or permanent closure of a facility and that may require re-inspection thereby causing delays. Any such remedial measures imposed upon Alvotech or third parties with whom Alvotech contracts could materially harm its business, prospects and financial condition.

If Alvotech, its collaboration partners or any of its third-party manufacturers fail to maintain regulatory compliance, the FDA, EMA or other applicable regulatory authority can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new biologic product, or suspension or revocation of a license. As a result, Alvotech's business, financial condition and results of operations may be materially harmed. Additionally, if supply from one approved manufacturer is interrupted, registration of an alternative manufacturer would require submissions to the market application (e.g., variation to the MAA), which could result in further delay. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and prior regulatory approval and is likely to result in a delay in Alvotech's desired clinical and commercial timelines. These factors could cause Alvotech to incur higher costs and could cause the delay or termination of clinical studies, regulatory submissions, required approvals or commercialization of its product candidates. Furthermore, if Alvotech's suppliers fail to meet contractual requirements and Alvotech is unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, its clinical studies may be delayed or Alvotech could lose potential revenue from sales of an approved product.

If Alvotech is not able to demonstrate biosimilarity of its biosimilar product candidates to the satisfaction of the FDA, EMA or comparable national or regional regulatory authorities, Alvotech will not obtain regulatory approval for commercialization of its biosimilar product candidates and its future results of operations and ability to generate revenue would be adversely affected. Alvotech's future results of operations depend, to a significant degree, on its ability to obtain regulatory approval for and to commercialize its proposed biosimilar products. Any inability to obtain regulatory approval could impact and delay the development timeline of Alvotech's product candidates. To obtain regulatory approval for the commercialization of these product candidates, Alvotech will be required to demonstrate to the satisfaction of the FDA, EMA or comparable national regulatory authorities, among other things, that its proposed biosimilar products are highly similar to biological reference products already licensed by the regulatory authority pursuant to approved marketing applications/authorizations, notwithstanding minor differences in clinically inactive components, and that they have no clinically meaningful differences as compared to the marketed biological products in terms of the safety, purity and potency of the products. Each individual jurisdiction may apply different criteria to assess biosimilarity, based on a preponderance of the data that can be interpreted subjectively in some cases.

It is uncertain if regulatory authorities will grant the reference biosimilar product candidates the same labeling approved for the reference product when they are approved. For example, an infliximab (Remicade) biosimilar molecule was approved in the EEA with the same label as the reference product, but it did not receive approval initially for the same labeling reference in Canada. A similar outcome could occur with respect to one or more of Alvotech's product candidates.

In the event that the FDA, EMA or comparable regulatory authorities require Alvotech to generate additional data, including by conducting additional clinical trials or other lengthy processes or otherwise change their criteria and requirements for the approval of biosimilar products, the commercialization of Alvotech's proposed biosimilar products could be delayed or prevented. Delays in the commercialization of or the inability to obtain regulatory approval for these products could adversely affect Alvotech's operating results by restricting or significantly delaying its introduction of new biosimilars.

The structure of complex proteins used in protein-based therapeutics is inherently variable and highly dependent on the processes and conditions used to manufacture them. If Alvotech is unable to develop manufacturing processes that demonstrate that Alvotech's product candidates are highly similar to their reference products, and within a range of variability considered acceptable by regulatory authorities, Alvotech may not be able to obtain regulatory approval for its products. Protein-based therapeutics are inherently heterogeneous and their structures are highly dependent on the manufacturing process and conditions. Products from one manufacturing facility can differ from those produced in another facility. Similarly, physicochemical differences can also exist among different lots produced within a single facility. The physicochemical complexity and size of biologic therapeutics can create significant technical and scientific challenges in the context of their replication as biosimilar products. The inherent variability in protein structure from one production lot to another is a fundamental consideration with respect to establishing biosimilarity to a reference product

to support regulatory approval requirements. For example, the glycosylation of the protein, meaning the manner in which sugar molecules are attached to the protein backbone of a therapeutic protein when it is produced in a living cell, is critical to half-life (how long the drug stays in the body), efficacy and even safety of the therapeutic and is therefore a key consideration for biosimilarity. Defining and understanding the variability of a reference product in order to match its glycosylation profile requires significant skill in cell biology, protein purification and analytical protein chemistry. Variations in the glycosylation profile and other analytical characterizations important for determining biosimilarity to the reference product molecule are risks unique to biosimilar manufacturers. There are extraordinary technical challenges in developing complex protein-based therapeutics that not only must achieve an acceptable degree of similarity to the reference product in terms of relevant quality attributes such as glycosylation patterns, but also the ability to develop manufacturing processes that can replicate the necessary structural characteristics within an acceptable range of variability sufficient to satisfy regulatory authorities. For example, the manufacturing process of Alvotech's products may be susceptible to non-ideal product variability without well-characterized and well-controlled master and working cell banks. A cell bank is a collection of ampoules of uniform composition stored under defined conditions, each containing an aliquot of a single pool of cells. The master cell bank is generally derived from the selected cell clone containing the expression construct that has been encoded to produce the protein of interest, such as a specific monoclonal antibody with a defined amino acid sequence. This unique aliquot of cells allows for a consistent high quality biologic medicine to be produced. The working cell bank is derived by expansion of one or more ampoules of the master cell bank and is used for routine manufacturing. Both the master cell bank and working cell bank are central to obtaining regulatory approval for manufacturing and marketing biologic medicine. The quality of the manufactured biologic product is dependent on the quality of the cells used for its manufacturing, and having a sufficient supply of master and working cell banks is important for a consistent manufacturing process. Should our cell banks be compromised, we would be unable to produce usable products for patients in any market.

Given the challenges caused by the inherent variability in protein production, Alvotech may not be successful in its application for approval of its products if regulators conclude that Alvotech has not demonstrated that its product candidates are highly similar to their reference products, or that the processes Alvotech uses to manufacture its products are unable to produce its products within an acceptable range of variability (including situations where the reference product sponsor changes its manufacturing process and such changes impact the characteristics of the product).

Additionally, the foregoing factors complicate scaling of Alvotech's manufacturing capabilities. To the extent that Alvotech is unable to scale its manufacturing capabilities to produce sufficient quantities of its products at the required specifications and at an acceptable cost, it may be unable to meet demand for its approved product candidates and its business, financial condition, reputation and results of operations may suffer.

Clinical drug development involves a lengthy and expensive process and Alvotech may encounter substantial delays in its clinical studies or may fail to demonstrate safety, purity and efficacy/potency to the satisfaction of applicable regulatory authorities. Additionally, the impact of the COVID-19 pandemic, or the occurrence of unforeseen geopolitical events such as the Russia-Ukraine conflict and the resulting instability in the region, may delay the conduct and completion of clinical studies.

Before obtaining marketing approval from regulatory authorities for the sale of its product candidates, Alvotech (and/or its collaboration partners) must conduct clinical studies to demonstrate the safety, purity, and potency (safety and efficacy) of the product candidates in humans. Clinical studies are expensive and can take many years to complete, and their outcome is inherently uncertain. Failure can occur at any time during the clinical study process. The results of preclinical studies, including comparative analytical assessments of Alvotech's product candidates, may not be predictive of the results of clinical studies. The success of clinical studies cannot be predicted. Alvotech cannot guarantee that any clinical studies will be conducted as planned or completed on schedule, if at all. As a result of the COVID-19 pandemic, or the occurrence of unforeseen geopolitical events, such as the Russia-Ukraine conflict and the resulting instability in the region, any delays could be extended. A failure of one or more clinical studies can occur at any stage of testing. Alvotech believes that the following are the material events which may prevent successful or timely completion of clinical development:

- inability to generate sufficient preclinical, toxicology or other in vivo or in vitro data to support the initiation of human clinical studies;

- delays in reaching a consensus with regulatory agencies on study design;

- delays in reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical study sites;

- delays in obtaining required Institutional Review Board, or IRB, approval or Ethics Committee positive opinion at each clinical study site;

- imposition of a clinical hold by regulatory agencies, after review of an investigational new drug, or IND, application or amendment or equivalent application or amendment, or an inspection of its clinical study operations or study sites or as a result of adverse events reported during a clinical trial;

- delays in administering studies as a result of adverse events or complaints;

- delays in recruiting suitable or sufficient numbers of patients to participate in its clinical studies sponsored by Alvotech or its partners;

- difficulty collaborating with patient groups and investigators;

- failure by its CROs, clinical study sites, other third parties or Alvotech to adhere to clinical study requirements;

- failure to perform in accordance with the FDA's good clinical practices requirements or applicable regulatory guidelines in other countries;

- delays in having patients complete participation in a study or return for post-treatment follow-up, or patients dropping out of a study;

- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;

- difficulties justifying the scientific relevance of non-U.S. comparators for use in studies intended to support marketing approval by FDA;

- questions with regard to the scientific justification for extrapolation of findings across indications;

- changes in regulatory requirements or policies that require amending or submitting new clinical protocols;

- the cost of clinical studies of its product candidates being greater than Alvotech anticipates;

- clinical studies of its product candidates producing negative or inconclusive results, which may result in Alvotech deciding or regulators requiring Alvotech to conduct additional clinical studies or to abandon product development programs;

- delays in manufacturing, testing, releasing, validating or importing/exporting and/or distributing sufficient stable quantities of its product candidates and reference products for use in clinical studies or the inability to do any of the foregoing;

- staffing shortages and limitation on the movement of people as a result of the COVID-19 pandemic, the Russia-Ukraine conflict and the resulting instability in the region, and related local, national or international governmental restrictions; and

- delays or interruptions to preclinical studies, clinical trials, Alvotech's receipt of services from third-party service providers or Alvotech's supply chain due to the COVID-19 pandemic, or the occurrence of unforeseen geopolitical events such as the Russia-Ukraine conflict and the resulting instability in the region, or otherwise.

Any inability to successfully complete analytical, nonclinical, or clinical development could result in additional costs to Alvotech or impair its ability to achieve regulatory approval and generate revenue. Even if Alvotech is successful, the regulatory approval processes and action dates of the FDA, EMA and comparable authorities may be delayed due to impact of the COVID-19 pandemic. As a result, Alvotech may be delayed in obtaining regulatory approvals for its products. Further, the global economic slowdown, the overall disruption of global supply chains and distribution systems,

effects of this on the work of appropriate regulatory authorities in different regions and the other risks and uncertainties associated with the COVID-19 pandemic could have a material adverse effect on Alvotech's business, financial condition, results of operations and growth prospects.

In addition, at the end of 2021 and into 2022, tensions between the United States and Russia escalated when Russia amassed large numbers of military ground forces and support personnel on the Ukraine-Russia border and, in February 2022, Russia invaded Ukraine. In response, NATO has deployed additional military forces to Eastern Europe, including to Lithuania, and the Biden administration as well as the European Union announced certain sanctions against Russia. The invasion of Ukraine and the retaliatory measures that have been taken, or could be taken in the future, by the United States, the European Union, NATO, and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies, any or all of which could adversely affect Alvotech's ability to conduct ongoing and future clinical trials of Alvotech's product candidates in Ukraine, Russia and Eastern European countries, including Alvotech's ongoing clinical trial for AVT04, which currently includes trial sites located in Ukraine. Although Alvotech past the primary endpoint collection with all subjects in Ukraine for the AVT04 clinical trial, Alvotech is still in the process of collecting safety data from such patients. In addition, Alvotech had planned to begin its AVT03 clinical trial, that included planned trial sites in Ukraine, and its AVT06 clinical trial, that included planned trial sites in Ukraine and Russia, in 2022. For the AVT03 and AVT06 trials, Alvotech replaced these Ukrainian trial sites with trial sites outside of Ukraine. For more information about the impact of this conflict on our AVT04, AVT03 and AVT06 trials, please see "Business—Our Pipeline—Our Programs." The evolving situation of this conflict and the sanctions that may be imposed by the United States or other jurisdictions as a result are unpredictable and could negatively impact the anticipated timing and completion of our clinical trials and/or analyses of clinical results, including our clinical trials for AVT04, AVT03 or AVT06, which could limit our ability to obtain regulatory approval for these candidates on anticipated timelines or at all and materially harm our business.

In addition, if Alvotech makes manufacturing or formulation changes to its product candidates, it may need to conduct additional studies to bridge its modified product candidates to earlier versions. If Alvotech intends to alter the manufacturing process for a particular product candidate, it will need to provide data to the FDA, EMA or comparable regulatory authorities demonstrating the comparability of the pre- and post-change product candidate. If Alvotech is unable to make that demonstration to the FDA, EMA or comparable regulatory authorities, Alvotech could face significant delays or fail to obtain regulatory approval to market the product, which could significantly harm its business, prospects and financial condition.

Alvotech's product candidates may cause unexpected side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following marketing approval, if granted. As with most pharmaceutical products, use of Alvotech's product candidates could be associated with side effects or adverse events which can vary in severity (from minor reactions to death) and frequency (infrequent or prevalent). Side effects or adverse events associated with the use of Alvotech's product candidates may be observed at any time, including in clinical trials or when a product is commercialized. Undesirable or unexpected side effects caused by Alvotech's product candidates could cause Alvotech or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA or other comparable authorities. Results of Alvotech's studies could reveal a high and unacceptable severity and prevalence of side effects or other safety issues and, if different from the severity and prevalence of side effects for the reference products, could preclude the demonstration of biosimilarity. Such adverse event findings also could require Alvotech or its collaboration partners to perform additional studies or halt development or sale of these product candidates or expose Alvotech to product liability lawsuits which will harm its business, prospects and financial condition. In such an event, Alvotech may be precluded from seeking licensure through the regulatory pathway for biosimilars, or could be required by the FDA, EMA or other comparable authorities to conduct additional animal or human studies regarding the safety and efficacy of its product candidates which Alvotech has not planned or anticipated or its studies could be suspended or terminated, and the FDA, EMA or comparable regulatory authorities could order Alvotech to cease further development of or deny, vary, or withdraw approval of its product candidates for any or all intended indications. There can be no assurance that Alvotech will resolve any issues related to any product-related adverse events to the satisfaction of the FDA, EMA or any comparable regulatory agency in a timely manner, if ever, which could harm its business, prospects and financial condition. Drug-related side effects could affect patient recruitment for clinical trials, the ability of enrolled patients to complete Alvotech's studies or result in potential product liability claims against which Alvotech would need to mount a defense. Alvotech currently carries product liability insurance and Alvotech is required to maintain clinical trial insurance pursuant to certain of its license agreements. Alvotech believes its product liability insurance coverage is sufficient in light of its current clinical programs; however, Alvotech may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect Alvotech against losses due to liability. A successful product liability claim or series of claims brought against Alvotech could

adversely affect its results of operations and business. In addition, regardless of merit or eventual outcome, product liability claims may result in impairment of its business reputation, withdrawal of clinical study participants, costs due to related litigation, distraction of management's attention from its primary business, initiation of investigations by regulators, substantial monetary awards to patients or other claimants, the inability to commercialize its product candidates and decreased demand for its product candidates, if approved for commercial sale.

Additionally, if one or more of Alvotech's product candidates receives marketing approval, and Alvotech or others later identify undesirable side effects caused by such products (or caused by the reference products or other biosimilars based on the applicable reference products), the following potentially significant negative consequences could result:

- regulatory authorities may suspend, withdraw or vary approvals of such product;
- regulatory authorities may require additional warnings on the label or otherwise require labeling to be updated or narrowed;
- Alvotech may be required to agree to a Risk Evaluation and Mitigation Strategy, or REMS, or a shared system REMS, which could include a medication guide for distribution to patients outlining the risks of side effects, a communication plan for healthcare providers and/or other elements to assure safe use;
- Alvotech could be sued and potentially held liable for harm caused to patients; and
- Alvotech's reputation may suffer.

Any of these events could prevent Alvotech from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm its business, prospects and financial condition.

If any of Alvotech's product candidates receives approval, regulatory agencies including the FDA, European Commission, EMA, Competent National Authorities in the EEA and other national regulatory agencies' regulations will require that Alvotech regularly report certain information, including information about adverse events that may have caused or contributed by those products. The timing of adverse event reporting obligations would be triggered by the date Alvotech becomes aware of the adverse event as well as the nature of the event. Alvotech may fail to report adverse events it becomes aware of within the prescribed timeframe especially if it is not reported to Alvotech as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of its products. If Alvotech fails to comply with its reporting obligations, the FDA, European Commission, the EMA, the Competent National Authorities in the EEA or other regulatory agencies could take action that may include criminal prosecution, the imposition of civil monetary penalties, seizure of its products, or suspension of market approval, and delay in approval or clearance of future products.

As a condition to granting marketing authorization or approval of a product, the FDA, EMA or other regulatory agencies may require additional clinical trials or other studies. The results generated in these trials could result in the loss of marketing approval, changes in labeling, and/or new or increased concerns about the side effects, efficacy or safety. Regulatory agencies in countries outside the United States often have similar regulations and may impose comparable requirements. Post-marketing studies, whether conducted by Alvotech or by others, whether mandated by regulatory agencies or conducted voluntarily, and other emerging data about products, such as adverse event reports, may also adversely affect the availability or commercial potential of Alvotech's products. Any of the foregoing risks could render Alvotech unable to achieve its plan of commercializing five products by the end of 2025.

Alvotech's reliance on certain participants for its clinical trials could cause delays in its ongoing studies or the development of its products if such participants prove to be too limited or a substantial portion of participants in the studies withdraw. In order to be successful and pursue market authorization globally for its products, Alvotech must be able to gather health data on the basis of populations from around the world. To the extent participants in clinical trials are too limited to certain populations, Alvotech's clinical research may be adversely affected. Additionally, Alvotech depends on the willingness of these volunteers to participate in studies and there is always the risk that they may no longer be willing to participate or revoke the consents necessary for Alvotech to process their medical data. For example, due to reasons beyond Alvotech's control, including the ongoing COVID-19 pandemic and the Russia-Ukraine conflict and the resulting instability in the region, participants and Alvotech's key employees and advisors may no longer be able to travel or cross country borders to participate in Alvotech's studies. If, for any reason, a substantial portion of participants in the studies were to withdraw their consent or discontinue their participation, Alvotech may not be able to continue its clinical studies for some or all of its product candidates which may cause delays in the development or approval of its product

candidates. If its ability to gather and use sufficient data is impaired, Alvotech also may not be able to fulfill some contractual obligations with its partners.

The development, manufacture and commercialization of biosimilar products under various global regulatory pathways pose unique risks related to regulatory approvals across various jurisdictions. Alvotech and its collaboration partners intend to pursue market authorization globally. In the United States, an abbreviated pathway for approval of biosimilar products was established by the Biologics Price Competition and Innovation Act of 2009 ("**BPCIA**"), enacted on 23 March 2010, as part of the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (together, the "**PPACA**"). The BPCIA established this abbreviated pathway under section 351(k) of the Public Health Service Act (the "**PHSA**") for biological products shown to be biosimilar to or interchangeable with an FDA-licensed reference biological product. Subsequent to the enactment of the BPCIA, the FDA has issued numerous guidance documents explaining its current thinking regarding the demonstration of biosimilarity and interchangeability as well as the submission and review of such BLA. As of August 25, 2022, there have been at least 37 biosimilar product applications approved, including the first approval of an interchangeable biosimilar product in July 2021, the second approval of an interchangeable biosimilar product in October 2021 and the third approval of an interchangeable biosimilar product in August 2022. Market success of biosimilar products will depend on demonstrating to patients, physicians, payors and relevant authorities that such products are similar in quality, safety and efficacy as compared to the reference product. If biosimilar product applications do not continue to be approved and the markets in which Alvotech operates do not widely accept the commercialization of biosimilar products, Alvotech's business will be harmed. How the BPCIA is applied and interpreted by the FDA may have a material impact on Alvotech's chances of obtaining FDA approval for its biosimilar product candidates, and its business operations after obtaining approval. Alvotech will continue to analyze and incorporate into its product development plans any additional final regulations issued by the FDA, pharmacy substitution policies enacted by state governments and other applicable requirements. The costs of development and approval, along with the probability of success for its biosimilar product candidates, will be dependent upon application of any laws and regulations issued by the relevant regulatory authorities. The costs of developing Alvotech's products may increase due to uncertainties or changes in guidance provided by regulatory agencies like the FDA and EMA and Alvotech may not have adequate funding and resources to pursue market authorization for all of its biosimilar products.

Biosimilar products may also be subject to extensive patent clearances and patent infringement litigation, which may delay and could prevent the commercial launch of a product. Moreover, the PHSA prohibits the FDA from filing an application for a biosimilar candidate to a reference product for four years of the date of first licensure of the reference product by the FDA, and from approving an application for a biosimilar candidate for 12 years from the date of first licensure of the reference product. For example, the FDA would not be able to approve a BLA submitted for a biosimilar that references a specific drug until 12 years after the date of first licensure of the BLA, i.e., the date that reference product BLA was approved, which in the case of AVT02, a biosimilar to Humira (adalimumab), would be December 31, 2014, in the case of AVT04, a biosimilar candidate to Stelara (ustekinumab), would be September 25, 2021, in the case of AVT05, a biosimilar candidate to Simponi and Simponi Aria (golimumab), would be April 24, 2021, and in the case of AVT06, a biosimilar candidate to Eylea (aflibercept), would be November 18, 2023. Interchangeable biosimilar approvals may also be blocked by periods of first interchangeable exclusivity ranging from 12 to 42 months in duration.

In 2004, by variation of Directive 2001/83/EC rules were established permitting the approval of biosimilar therapeutics. Since then, the European Commission has granted marketing authorizations for more than 79 biosimilars of which 65 remain valid. Because of their extensive experience in the review and approval of biosimilars, the European Commission and EMA have developed more guidelines related to the authorization procedure for these products than the FDA, including data requirements needed to support approval.

Innovative products in the EEA benefit from eight years of data exclusivity and 10 years of marketing exclusivity following grant of marketing authorization. As a result, an application for regulatory approval of a biosimilar drug cannot be submitted to the EMA until expiration of the eight-year data exclusivity period for the reference product, measured from the date of grant of authorization for the reference product. Furthermore, even if the biosimilar is authorized in the subsequent two years it cannot be marketed in the EEA until expiration of the 10-year marketing exclusivity period. This 10-year period may be extendible to 11 years if approval is granted in relation to the reference product for an additional therapeutic indication, within the first eight years following its initial marketing authorization, representing a significant clinical benefit in comparison with existing therapies. A new pharmaceutical form does not trigger a new data exclusivity. It could trigger orphan exclusivity, provided, however, that the targeted disease is a rare disease and that the new pharmaceutical form meets the high threshold for being considered as bringing a significant benefit to patients. In the EEA, the approval of a biosimilar for marketing is based on a positive opinion issued by the EMA and a related decision issued by the European Commission. The marketing approval is valid throughout the entire EEA. However, rules governing substitution of a biosimilar for the innovator product are provided by the national law of individual EEA

countries, and many of them do not permit the automatic substitution of biosimilars for the reference product. Therefore, even if Alvotech obtains marketing approval for the entire EEA, Alvotech may not receive substitution in one or more EEA nations, thereby restricting its ability to market its products in those jurisdictions.

Other regions, including Canada, China, Japan and Korea, also have their own legislation outlining a regulatory pathway for the approval of biosimilars. In some cases, other countries have either adopted European guidance (Singapore and Malaysia) or are following guidance issued by the World Health Organization (Cuba and Brazil). While there is overlap in the regulatory requirements across regions, there are also some areas of non-overlap. Additionally, Alvotech cannot predict whether countries that Alvotech may wish to market in, which do not yet have an established or tested regulatory framework could decide to issue regulations or guidance and/or adopt a more conservative viewpoint than other regions. Therefore, it is possible that even if Alvotech obtains agreement from one health authority to an accelerated or optimized development plan, Alvotech will need to defer to the most conservative view to ensure global harmonization of the development plan. Also, for regions where regulatory authorities do not yet have sufficient experience in the review and approval of a biosimilar product, these authorities may rely on the approval from another region (for example, the United States), which could delay its approval in that region. In addition, regulatory approval may be delayed as a result of laws in any applicable jurisdiction that provide for stay of regulatory approval related to patent coverage and subsequent litigation.

If other companies' biosimilar candidates for certain reference products are determined to be interchangeable and Alvotech's biosimilar candidates for these same reference products are not, its U.S. business could be negatively impacted. The FDA may determine that a proposed biosimilar product is "interchangeable" with a reference product, meaning that the biosimilar product may be substituted for the reference product without the intervention of the health care provider who prescribed the reference product, if the application includes sufficient information to show that the product is biosimilar to the reference product and that it can be expected to produce the same clinical result as the reference product in any given patient. In addition, if the biosimilar product may be administered more than once to a patient, the applicant must demonstrate that the risk in terms of safety or diminished efficacy of alternating or switching between the biosimilar product candidate and the reference product is not greater than the risk of using the reference product without such alternation or switch. To make a final determination of biosimilarity or interchangeability, the FDA may require additional confirmatory information beyond what Alvotech plans to initially submit in its applications for approval, such as more in-depth analytical characterization, animal testing or further clinical studies. Provision of sufficient information for approval may prove difficult and expensive.

Alvotech cannot predict whether any of its biosimilar product candidates will meet regulatory requirements for approval as a biosimilar product or as an interchangeable product. The concept of "interchangeability" is important because, in the United States for example, the first biosimilar approved as interchangeable with a particular reference product for any condition of use is eligible for a period of market exclusivity during which time the FDA cannot approve a second or subsequent biosimilar product interchangeable with that reference product for any condition of use. The relevant period of exclusivity will end upon the earlier of: (1) one year after the first commercial marketing of the first interchangeable product; (2) 18 months after resolution of a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; (3) 42 months after approval of the first interchangeable product, if a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product is still ongoing; or (4) 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued under 42 U.S.C. § 262(l)(6). Thus, a determination that another company's product is interchangeable with the reference biologic before Alvotech obtains approval of its corresponding biosimilar product candidates may delay the potential approval of its products as interchangeable with the reference product, which could materially adversely affect the results of operations and delay, prevent or limit its ability to generate revenue. Even if Alvotech is awarded interchangeable exclusivity for a product, that award may be challenged by third parties. Any successful challenge to Alvotech's exclusivity will negatively impact Alvotech's ability to market and sell the related product.

Even if Alvotech obtains regulatory approval for a product candidate, its products will remain subject to continuous subsequent regulatory obligations and scrutiny. If Alvotech's product candidates are approved, they will be subject to ongoing regulatory requirements for pharmacovigilance, manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies (if any) and submission of other post-market information, including both federal and state requirements in the United States and equivalent requirements of comparable regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive FDA, EMA and comparable regulatory authority requirements, including ensuring that quality control and manufacturing procedures conform to current cGMP, regulations. As such, Alvotech and its contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any marketing authorization application ("**MAA**"). Accordingly, Alvotech and others with whom Alvotech works must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that Alvotech or its collaboration partners receive for its product candidates may be subject to limitations on the approved conditions of use for which the product may be marketed or to the conditions of approval or may contain requirements for potentially costly additional data generation, including clinical trials. Alvotech will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA and comparable regulatory authorities, and to conduct surveillance to monitor the safety and efficacy of the product candidate. Any new legislation addressing drug safety or biologics or biosimilars issues could result in delays in product development or commercialization or increased costs to assure compliance.

Alvotech will have to comply with requirements concerning advertising and promotion for its products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions that vary throughout the world and must be consistent with the information in the product's approved label. As such, Alvotech may not promote its products in ways that are not consistent with FDA-approved labeling, e.g., for indications or uses for which they do not have approval.

If Alvotech's product candidates are approved, the company must submit new or supplemental applications and obtain prior approval for certain changes to the licensed products, therapeutic indications, product labeling and manufacturing process. These changes may require submission of substantial data packages that may include clinical data.

If a regulatory authority discovers previously unknown problems with a biosimilar product (or with the reference product or related biosimilars) such as adverse events of unanticipated severity or frequency, or if there are problems with the facility where the product is manufactured or the regulatory authority disagrees with the advertising, promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or Alvotech. If Alvotech fails to comply with applicable regulatory requirements, a regulatory authority such as FDA or EMA may,in particular:

- issue warning or untitled letters;
- refer a case to the U.S. Department of Justice, or comparable authorities, to impose civil or criminal penalties;
- begin proceedings to suspend or withdraw regulatory approval;
- issue an import alert;
- suspend Alvotech's ongoing clinical studies or put Alvotech's investigational new drug application ("**IND**") on clinical hold;
- refuse to approve pending applications (including supplements to approved applications) submitted by Alvotech;
- ask Alvotech to initiate a product recall; or
- refer a case to the U.S. Department of Justice, or comparable authorities, to seize and forfeit products or obtain an injunction imposing restrictions on its operations.

Any government investigation of alleged violations of law or regulations could require Alvotech to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect Alvotech's ability to commercialize and generate revenue from its products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of Alvotech and its operating results will be adversely affected.

Adverse events involving a reference product, or other biosimilars of such reference product, may result in negative publicity for Alvotech's biosimilar product or ultimately result in the removal of Alvotech's biosimilar product from the market. In the event that use of a reference product, or another biosimilar for such reference product, results in unanticipated side effects or other adverse events, it is likely that Alvotech's biosimilar product candidate will be viewed comparably and may become subject to the same scrutiny and regulatory actions as the reference product or other biosimilar, as applicable. Accordingly, Alvotech may become subject to, for example, safety labeling change orders, clinical holds, product recalls or other regulatory actions for matters outside of its control that affect the reference product, or other biosimilars, as applicable, potentially until Alvotech is able to demonstrate to the satisfaction of its regulators that its biosimilar product candidate is not subject to the same issues leading to the regulatory action as the reference product or other biosimilar, as applicable. Any recall or safety alert or safety labeling change relating to Alvotech's product (either voluntary or required by regulatory bodies) could ultimately result in the removal of Alvotech's product from the market. Any recall could result in significant cost as well as negative publicity that could reduce overall demand for Alvotech's products.

Even if one or more of the product candidates that Alvotech develops is approved for commercial sale, Alvotech may incur significant costs in order to manufacture and commercialize any such product. Its expenses could increase beyond its expectations if Alvotech is required by the FDA, the European Commission, the EMA, other regulatory agencies, domestic or foreign, or by any unfavorable outcomes in intellectual property litigation filed against Alvotech, to change its manufacturing processes or assays or to perform clinical, nonclinical, analytical or other types of studies in addition to those that Alvotech currently anticipates. In cases where Alvotech is successful in obtaining regulatory approvals to market one or more of its product candidates, its revenue will be dependent, in part, upon the size of the markets in the territories for which Alvotech gains regulatory approval, the timing of Alvotech's entry into a particular market or territory, the number of biosimilar competitors in such markets and whether any have regulatory exclusivity, the national laws governing substitution, the accepted price for the product, the ability to get reimbursement at any price, the nature and degree of competition from the reference product and other biosimilar companies (including competition from large pharmaceutical companies entering the biosimilar market that may be able to gain advantages in the sale of biosimilar products based on brand recognition and/or existing relationships with customers and payors), Alvotech's ability to manufacture sufficient quantities of the product of sufficient quality and at a reasonable cost and whether Alvotech owns (or has partnered to own) the commercial rights for that territory. If the market for its product candidates (or its share of that market) is not as significant as Alvotech expects, the regulatory approval is narrower in scope than Alvotech expects (e.g., for a narrow indication or set of indications) or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, Alvotech may not generate significant revenue from sales of such products, even if approved. If Alvotech is unable to successfully complete development and obtain regulatory approval for its lead products, namely AVT02 (outside of the European Union, Canada and the UK, where it received approval), AVT03, AVT04, AVT05, AVT06 and AVT23, its business may suffer. Additionally, if Alvotech is not able to generate revenue from the sale of any approved products or the costs necessary to generate revenues increase significantly, Alvotech may never become profitable.

Alvotech relies on third parties to conduct its nonclinical and clinical studies and perform other tasks for Alvotech. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, Alvotech may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed. Alvotech has relied upon and plans to continue to rely upon third-party CROs to monitor and manage data for its ongoing nonclinical and clinical programs. Alvotech relies on these parties for execution of its nonclinical and clinical studies and controls only certain aspects of their activities. Nevertheless, Alvotech is responsible for ensuring that each of its studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and its reliance on the CROs does not relieve Alvotech of its regulatory responsibilities. Alvotech and its CROs and other vendors are required to comply with relevant practices that may include cGMP, current good clinical practices ("**cGCP**") and Good Laboratory Practices ("**GLP**"), which are regulations and guidelines required by the FDA, the Competent National Authorities of the Member States of the EEA and comparable national regulatory authorities for all of its product candidates in clinical development. Regulatory authorities monitor these regulations through periodic inspections of study sponsors, principal investigators, study sites and other contractors. If Alvotech, any of its CROs, service providers or investigators fail to comply with applicable regulations or cGCPs, the data generated in its nonclinical and clinical studies may be deemed unreliable and the FDA, European Commission, EMA or comparable national regulatory authorities may require Alvotech to perform additional nonclinical and clinical studies before approving its marketing applications. Alvotech cannot provide assurance that upon inspection by a given regulatory authority, such regulatory authority will determine that any clinical investigator for any of its clinical studies comply with cGCP regulations. In addition, its clinical studies must be conducted with product produced in compliance with cGMP regulations. Failure to comply by any of the participating parties or Alvotech with these regulations may require Alvotech to generate new data, repeat clinical studies, and potentially undergo re-inspection, which would delay

the regulatory approval process. Further, if any accidents occur or there are process mistakes at the facilities of CROs or other vendors that handle reference products, there may be product loss which could further delay Alvotech's nonclinical and clinical programs. Moreover, Alvotech's business may be implicated if its CRO or any other participating parties violate federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws whether in the United States or equivalent foreign laws and obligations.

If any of Alvotech's relationships with these third-party CROs terminate, Alvotech may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. In addition, Alvotech's CROs are not its employees, and except for remedies available to Alvotech under its agreements with such CROs, Alvotech cannot control whether or not they devote sufficient time and resources to its on-going nonclinical and clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to protocols, regulatory requirements, delays caused by the COVID-19 pandemic, or for other reasons, Alvotech's clinical studies may be extended, delayed or terminated and Alvotech may not be able to obtain regulatory approval for or successfully commercialize its product candidates. CROs may also generate higher costs than anticipated. As a result, Alvotech's results of operations and the commercial prospects for its product candidates would be harmed, its costs could increase and its ability to generate revenue could be delayed. Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact Alvotech's ability to meet its desired clinical development timelines. There can be no assurance that Alvotech will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on its business, financial condition and prospects.

Healthcare legislative reform measures may have a material adverse effect on Alvotech's business and results of operations. In the United States and some other jurisdictions, there have been and continue to be a number of legislative and regulatory changes and proposed changes regarding the healthcare system, including initiatives to contain healthcare costs.

In various EEA countries, Alvotech expects to be subject to continuous cost-cutting measures, such as lower maximum prices, lower or lack of reimbursement coverage and incentives to use cheaper products as an alternative. Health Technology Assessment ("**HTA**"), of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EEA countries, including countries representing major markets. The HTA process, which is currently governed by the national laws of these countries, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EEA Member States. On January 31, 2018, the European Commission adopted a proposal for a regulation on health technologies assessment. The proposed regulation is intended to boost cooperation among EEA Member States in assessing health technologies, including new medicinal products, and providing the basis for cooperation at the EEA level for joint clinical assessments in these areas. In June 2021, the European Parliament and Council reached a provisional agreement on the draft regulation. Entry into application of the Regulation could impose stricter and more detailed procedures to be followed by MAHs concerning conduct of HTA in relation to their products which may influence related pricing and reimbursement decisions.

Alvotech has identified material weaknesses in its internal control over financial reporting. If Alvotech is unable to remediate these material weaknesses, or if Alvotech experiences additional material weaknesses in the future or otherwise is unable to develop and maintain an effective system of internal controls in the future, Alvotech may not be able to produce timely and accurate financial statements or comply with applicable laws and regulations, which may adversely affect investor confidence in Alvotech and, as a result, the value of the Ordinary Shares. Alvotech has identified material weaknesses in the design and operating effectiveness of its internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of this prospectus and its financial statements, Alvotech has identified material weaknesses as follows: (i) control environment driven by the lack of a sufficient number of trained professionals with an appropriate level of internal control knowledge, training and experience; (ii) risk assessment, as Alvotech did not design and implement an effective risk assessment to identify and communicate appropriate objectives and fraud, and to identify and assess changes in the business that could affect Alvotech's system of internal controls; (iii) control activities, as Alvotech did not have adequate formal documentation of certain policies and procedures, implementation of all required business process controls, including effective review process of key financial information, and documentation to evidence the design and operating effectiveness of the control activities; (iv) information and

communication as Alvotech did not implement effective controls over the segregation of duties and certain information technology general controls for information systems that are relevant to the preparation of its financial statements; and (v) monitoring activities, as Alvotech did not have the evidence to support evaluation of the effectiveness of monitoring controls to ascertain whether the components of internal control are present and functioning. As a consequence of these material weaknesses, material accounting errors were identified in Alvotech's annual consolidated financial statements primarily related to the accounting for joint ventures and convertible debt instruments. These material weaknesses could result in a misstatement of Alvotech's accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. Upon identifying the material weaknesses, Alvotech began taking steps intended to address the underlying causes of the control deficiencies in order to remediate the material weaknesses, which included the implementation of new tools and controls, engagement of outside consultants to develop remediation plans, provide training to control owners and plans to implement a new enterprise resource planning ("**ERP**") system and automated controls. Alvotech is in the process of making the following enhancements to its control environment: (i) implementing a compliance tool to provide workflow and electronic approval capabilities as well as to maintain control evidence; (ii) engaging outside consultants to assist in evaluating the internal controls and developing a remediation plan to address the control deficiencies; (iii) implementing entity level and business process-level controls to mitigate the key risks identified; (iv) implementing a new ERP system; and (v) hiring more accounting resources. Alvotech's remediation activities have continued through 2021 and into 2022. In addition to the above actions, Alvotech expects to engage in additional activities, in particular: (i) continue to implement entity level controls, business process-level controls across all significant accounts and information technology general controls across all relevant domains; (ii) provide training to control owners to establish clear expectations as it relates to the control design, execution and monitoring of such controls, including enhancements to the documentation to evidence the execution of the controls; (iii) engage outside consultants to help design and implement automated controls and enhance Alvotech's information technology general controls environment as part of the ERP system implementation; and (iv) implement a Governance, Risk and Control tool to monitor the segregation of duties in the new ERP system. Alvotech cannot assure that the measures it has taken to date, and is continuing to implement, will be sufficient to remediate the material weaknesses identified and avoid potential future material weaknesses. If the steps Alvotech takes do not remediate the material weaknesses in a timely manner, Alvotech will be unable to conclude that it maintains effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of Alvotech's financial statements would not be prevented or detected on a timely basis.

If Alvotech fails to remediate Alvotech's existing material weaknesses, identifies new material weaknesses in its internal controls over financial reporting, is unable to comply with the requirements of applicable laws and regulations, is unable to conclude that its internal controls over financial reporting are effective, or if Alvotech's Independent Registered Public Accounting Firm is unable to express an opinion as to the effectiveness of Alvotech's internal controls over financial reporting when Alvotech is no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of Alvotech's financial reports and the market price of the Alvotech's shares could be negatively affected. As a result of such failures, Alvotech could also become subject to investigations by the stock exchanges on which Alvotech's securities are listed, the SEC, CSSF or other regulatory authorities, and become subject to litigation from investors and shareholders, which could harm Alvotech's reputation and financial condition or divert financial and management resources from Alvotech's regular business activities.

As a company organized under the laws of Grand Duchy of Luxembourg and with its registered office in Luxembourg, Alvotech is subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it including, among other things, Council and European Parliament Regulation (EU) 2015/848 of May 20, 2015 on insolvency proceedings (recast). Should courts in another European country determine that the insolvency and bankruptcy laws of that country apply to Alvotech in accordance with and subject to such EEA regulations, the courts in such European country could have jurisdiction over the insolvency proceedings initiated against Alvotech. Alvotech is the parent company of Alvotech hf., the main operating subsidiary of Alvotech. As a company organized under the laws of Iceland and with its registered office in Iceland, Alvotech hf. is subject to Icelandic insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it.

Alvotech may be subject to claims that its employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties or that its employees have wrongfully used or disclosed alleged trade secrets of their former employers or third parties.

Alvotech employs individuals, retains independent contractors and consultants and members on its board of directors or scientific advisory board who were previously employed at universities or other pharmaceutical companies, including its competitors or potential competitors. For example, Alvotech's Chief Executive Officer, Mark Levick is a former employee of Sandoz Biopharmaceuticals, a business unit of Novartis, where he worked as the global head of

development and oversaw the successful approval of biosimilar medicines. Joe McClellan, Alvotech's Chief Scientific Officer, is a former employee of Pfizer where he held the position of Global Head of Biosimilars Development and Medicine/Asset Team Leader of IXIFI (biosimilar infliximab). Alvotech's Chief Technical Officer, Sean Gaskell, is a former employee of Novartis where he held a leading role in the development of a number of commercial medicines and drug products, including innovators and biosimilars. Although Alvotech has several mechanisms in place to ensure that its employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for Alvotech, Alvotech may in the future be subject to such claims. Litigation may be necessary to defend against these claims. For example, in March 2021, AbbVie brought a suit, which is now dismissed, against Alvotech hf. alleging that Alvotech hf. misappropriated trade secrets through the hiring of a former AbbVie employee. If Alvotech fails in defending against any such claims, in addition to paying monetary damages, Alvotech may lose valuable intellectual property rights or personnel, which could adversely impact its business. Even if Alvotech is successful in defending against such claims, litigation could result in substantial costs or delay and be a distraction to management and other employees.

Alvotech may be subject to federal and state healthcare laws, including those governing fraud and abuse, false claims, physician payment transparency and health information privacy and security laws. If Alvotech is unable to comply or has not fully complied with such laws, Alvotech could face substantial penalties including administrative, civil and criminal penalties, damages, fines, and exclusion from participation in government health care programs.

Alvotech's operations may be subject to various civil and criminal fraud and abuse laws. In the United States, federal fraud and abuse laws include, without limitation, the False Claims Act ("**FCA**"), the Anti-Kickback Statute ("**AKS**"), the Exclusions Law, and the Civil Monetary Penalties Law ("**CMPL**"). Many states have similar state laws. These laws may impact, among other things, Alvotech's research activities as well as its proposed sales, marketing and education programs. In addition, Alvotech may be subject to patient privacy regulation by both the federal government and the states in which Alvotech conducts its business. The laws that may affect its ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, any individual or entity from knowingly and willfully soliciting, offering or paying remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce another individual or entity to : (a) refer an individual to a person for the furnishing (or arranging for the furnishing) of any item or service for which payment may be made under a federal health care program; (b) purchase or order any covered item or service; (c) arrange for the purchase or order of any covered item or service; or (d) recommend the purchase or order of any covered item or service;

- federal civil and criminal false claims laws and civil monetary penalties laws, including the FCA and the CMPL, which prohibit, among other things, individuals or entities from knowingly presenting or causing to be presented false, fictitious, or fraudulent claims for payment to the U.S. government;

- the federal Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), which created new federal criminal statutes that prohibit, among other things, executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act ("**HITECH**"), and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of health information that allows identification of individual patients on covered entities, including certain healthcare providers, health plans, and healthcare clearinghouses, as well as individuals and entities that provide services on behalf of a covered entity that involve individually identifiable health information, known as business associates, as well as their covered subcontractors;

- Federal and state transparency laws and regulations, such as the federal Physician Payments Sunshine Act. The federal Physician Payment Sunshine Act which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the Centers for Medicare & Medicaid Services information related to payments and other transfers of value made by such manufacturers to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), and their immediate family members in such manufacturers. Beginning in 2022, applicable manufacturers also will be required to report such information regarding its payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year; and

- state and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the national or federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; national or state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and national or state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of its business activities could be subject to challenge under one or more of such laws. In addition, health care reform legislation has strengthened these laws. For example, in the United States the PPACA, among other things, amended the intent requirement of the federal anti-kickback and criminal healthcare fraud statutes, such that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. Moreover, the PPACA provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

If Alvotech's operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to Alvotech, Alvotech may be subject to significant penalties, including administrative, civil and criminal penalties, damages, fines, disgorgement, exclusion from participation in government health care programs, such as Medicare and Medicaid, imprisonment, integrity oversight and reporting obligations, and the curtailment or restructuring of Alvotech's operations, any of which could adversely affect Alvotech's ability to operate its business and its results of operations. Moreover, one or more of Alvotech's commercial partners may be subject to the above law and may be investigated or sued for any one or more of the previous concerns which may in turn materially impact Alvotech by virtue of its association with such commercial partner(s).

The international aspects of Alvotech's business expose Alvotech to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States and the EEA. Alvotech currently has international operations of its own and has a number of international collaborations. Alvotech believes that the following are the material risks which derive from conducting business internationally:

- multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- failure by Alvotech or its collaboration partners to obtain and maintain regulatory approvals for the use of its products in various countries;
- additional potentially relevant third-party patent rights;
- complexities and difficulties in obtaining protection and enforcing its intellectual property;
- difficulties in staffing and managing foreign operations by Alvotech or its collaboration partners;
- complexities associated with managing multiple payor reimbursement regimes, government payors or patient self-pay systems by its collaboration partners;
- limits in its or its collaboration partners' ability to penetrate international markets;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for its products;
- foreign exchange risk, as Alvotech has significant asset and liabilities denominated in foreign currencies (mainly in EUR, GBP, ISK, and CHF), and a 10% fluctuation of the exchange rate of ISK against the USD can significantly impact Alvotech;

- natural disasters, political and economic instability, including wars such as the Russia-Ukraine conflict, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions;

- certain expenses including, among others, expenses for travel, translation and insurance; and

- regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities that may fall within the purview of the U.S. Foreign Corrupt Practices Act its books and records provisions or its anti-bribery provisions.

Alvotech is, amongst others, subject to U.S. anti-corruption laws and regulations, export and import controls, and sanctions laws and regulations. Compliance with these legal standards could impair Alvotech's ability to compete in United States and international markets. Alvotech could face criminal liability and other serious consequences for violations, which could harm its business, prospects and financial condition.

Alvotech is subject to various national anti-bribery laws in jurisdictions in which Alvotech may conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, CROs, contractors and other collaborators and partners from authorizing, promising, offering, providing, soliciting or receiving, directly or indirectly, improper payments or anything else of value improperly to or from recipients in the public or private sector. Alvotech has engaged third parties for clinical trials outside of the United States, to sell its products abroad once Alvotech enters a commercialization phase, and/or to obtain necessary permits, licenses, patent registrations and other regulatory approvals. Alvotech has direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. Alvotech can be held liable for the corrupt or other illegal activities of its employees, agents, CROs, contractors and other collaborators and partners, even if Alvotech does not explicitly authorize or have actual knowledge of such activities. In addition, Alvotech is subject to accounting standards and requirements on publicly traded companies and their foreign affiliates, which requires such companies to maintain complete and accurate books and records and maintain a system of internal accounting controls.

Alvotech is also subject to export control and import laws and regulations and various economic and trade sanctions regulations administered by import and export laws and regulations in other jurisdictions. Compliance with applicable regulatory requirements, or applications for custom seizures filed by third parties relating to intellectual property rights, regarding the import and export of Alvotech's products may create delays in the introduction of its products in international markets or, in some cases, prevent the export its products to some countries altogether.

Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions.

Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

A breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of Alvotech's confidential information in internal systems or those used by third party collaborator partners or other contractors or consultants, could compromise the confidentiality, integrity and availability of Alvotech's confidential information in information technology systems, network-connected control systems and/or Alvotech's data, interrupt the operation of Alvotech's business and/or affect Alvotech's reputation.

To achieve Alvotech's business objectives, Alvotech relies on sophisticated information technology systems, including software, mobile applications, cloud services and network-connected control systems, some of which are managed, hosted, provided or serviced by third parties. Internal or external events that compromise the confidentiality, integrity and availability of Alvotech's systems and data may significantly interrupt the operation of its business, result in significant costs and/or adversely affect Alvotech's reputation and/or place Alvotech at a competitive disadvantage resulting from the improper disclosure/theft of confidential information or intellectual property.

Alvotech's information technology systems are highly integrated into its business, including its research and development ("**R&D**") efforts, its clinical and commercial manufacturing processes and its product sales and distribution processes. Further, as certain of Alvotech's employees are working remotely, Alvotech's reliance on its and third-party information technology systems has increased substantially and is expected to continue to increase. The complexity and interconnected nature of Alvotech's systems makes them potentially vulnerable to breakdown or other service

interruptions. Alvotech's systems are also subject to frequent cyberattacks. As the cyber-threat landscape evolves, these attacks are growing in frequency, sophistication and intensity and are becoming increasingly difficult to detect. Such attacks could include the use of harmful and virulent malware, including ransomware or other denials of service, that can be deployed through various means, including the software supply chain, e-mail, malicious websites and/or the use of social engineering. Attacks such as those experienced by governmental entities (including those that approve and/or regulate Alvotech's products, such as the FDA, the European Commission or EMA) and other multi-national companies, including some of Alvotech's peers, could leave Alvotech unable to utilize key business systems or access or protect important data, and could have a material adverse effect on Alvotech's ability to operate its business, including developing, gaining regulatory approval for, manufacturing, selling and/or distributing Alvotech's products.

Alvotech's systems and possibly those of permissible third parties also contain and utilize a high volume of sensitive data, including intellectual property, trade secrets, financial information, regulatory information, strategic plans, sales trends and forecasts, litigation materials and/or personal information belonging to Alvotech, its staff, customers and/or other parties. In some cases, Alvotech and/or permissible third parties may use third-party service providers to process, store, manage or transmit such data, which may increase its risk. Intentional or inadvertent data privacy or security breaches (including cyberattacks) or lapses by employees, service providers (including providers of information technology-specific services), nation states (including groups associated with or supported by foreign intelligence agencies), organized crime organizations, "hacktivists" or others, create risks that Alvotech's sensitive data may be exposed to unauthorized persons, its competitors, or the public.

Further, if Alvotech infringes or is alleged to infringe the intellectual property rights of third parties, its business could be harmed. Alvotech is involved in legal proceedings through its partner, JAMP Pharma, adverse to Abbvie that may impact Alvotech's adalimumab product, AVT02.

Domestic and global government regulators, Alvotech's business partners, suppliers with whom it does business, vendors and law firms that host Alvotech's documents and information in connection with transactions or proceedings, companies that provide Alvotech or its partners with business services and companies that Alvotech may acquire may face similar risks, and security breaches of their systems could adversely affect Alvotech's security, leave Alvotech without access to important systems, products, raw materials, components, services or information or expose Alvotech's confidential data. As a part of Alvotech's business, it shares confidential information to third parties, such as commercial partners, consultants, advisors, vendors, etc. Alvotech is at risk of its confidential data being disclosed without its consent or lost if these third parties' servers or databases experience security breaches of their systems.

Although Alvotech has experienced system breakdowns, attacks and information security breaches, Alvotech does not believe such breakdowns, attacks and breaches have had a material adverse effect on its business or results of operations. Alvotech continues to invest in the monitoring, protection and resilience of its critical and/or sensitive data and systems. However, there can be no assurances that Alvotech's efforts will detect, prevent or fully recover systems or data from all breakdowns, service interruptions, attacks, and/or breaches of its systems that could adversely affect Alvotech's business and operations and/or result in the loss or exposure of critical, proprietary, private, confidential or otherwise sensitive data, which could result in material financial, legal, business or reputational harm to Alvotech or negatively affect its stock price. While Alvotech maintains cyber-liability insurance, its insurance is not sufficient to cover it against all losses that could potentially result from a service interruption, breach of Alvotech's systems or loss of its critical or sensitive data.

Alvotech is also subject to various laws and regulations globally regarding privacy and data protection, including laws and regulations relating to the collection, storage, handling, use, disclosure, transfer and security of personal data. The legislative and regulatory environment regarding privacy and data protection is continuously evolving and developing and the subject of significant attention globally. For example, in the EEA Alvotech is subject to the General Data Protection Regulation ("**GDPR**"), which became effective in May 2018, imposes strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting and which provides for substantial penalties for non-compliance. Other jurisdictions where Alvotech operates have enacted or proposed similar legislation and/or regulations. Failure to comply with these current and future laws could result in significant penalties, liability for damages incurred by individuals whose privacy is violated, and could have a material adverse effect on Alvotech's business and results of operations.

Alvotech currently relies on Alvogen's IT infrastructure and may not successfully migrate to its own IT environment in the foreseeable future. Alvotech relies on some critical IT infrastructure and software owned and operated by Alvogen. A service agreement is in place between the two companies covering confidentiality, service and fees etc., and Alvotech and Alvogen are negotiating an agreement regarding the ownership, access rights and retention of shared

data. Alvotech expects the agreement to state that most data (other than data on litigation hold, historic backups and data held in SAP) will be under the control of Alvotech.

Alvotech has signed a separate license agreement for an ERP platform and is in the process of implementing and migrating to a new platform in an environment separate from Alvogen's. This environment is expected to go live at the end of 2022. However, in the meantime, Alvotech is relying on Alvogen's platform and licenses. In addition, Alvotech a small number of applications, generally for less than ten users per application, that are licensed through Alvogen. Alvotech plans to stop using these applications before the end of 2022.

Alvotech is also currently relying on Alvogen's Azure (cloud) environment and is in the process of migrating into a dedicated separate environment. While Alvotech's components of the environment have been logically separated from Alvogen's components and are operated entirely by Alvotech, a limited number of Alvogen system administrators have access to Alvotech's infrastructure. Alvotech and Alvotech are in the process of logically separating their resources so that Alvogen users cannot access resources from Alvotech. Once the migration of the Azure environment and SAP moves have been completed, Alvotech plans to physically separate the resources. This is expected to happen in the first quarter of 2023.

The separation of the IT infrastructure of Alvogen and Alvotech is expected to be completed in the first quarter of 2023. However, the implementation might not be successfully completed on the expected timeline, or at all, due to lack of capabilities, resources or funding, prioritization, or other reasons.

There is a risk that other issues due to the shared infrastructure between the companies have not yet been identified, posing risk to Alvotech's business operations which are currently relying on the confidentiality, integrity and availability of critical information systems and data of Alvogen.

Alvotech's IT Governance (ITG) and Information Security Management System (ISMS) may not be sufficient to ensure the effective and efficient use of IT in enabling the organization to achieve business objectives and secure the confidentiality, integrity and availability of critical information technology systems and data.

Alvotech currently does not have a fully implemented ITG and ISMS in place. Alvotech is currently revising and updating its ITG and ISMS, including policies, procedures, and internal controls, which will be based on the ISO 27001 and ITIL standards. These standards cover the areas of access management, change management, incident management, business continuity plans, disaster recovery, and data retention policy.

Alvotech's business continuity is not fully secured as its business continuity plan has not yet been fully implemented and tested. Some of Alvotech's critical systems and data are hosted on premise in one data center, without a secondary data center for redundancy. Force majeure events impacting the data center such as fire, flood, earthquake, or power outage can therefore pose a risk to Alvotech's operation and may compromise the confidentiality, integrity and availability of those systems and data.

If Alvotech fails to comply with environmental, health and safety laws and regulations, Alvotech could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of its business.

Alvotech's research and development activities and its third-party manufacturers' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials, including the components of Alvotech's product candidates and other hazardous compounds. Alvotech and its manufacturers and suppliers are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at Alvotech's and its manufacturers' facilities pending their use and disposal. Alvotech cannot eliminate the risk of contamination, which could cause an interruption of its commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although Alvotech believes that the safety procedures utilized by Alvotech and its third-party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, Alvotech cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, Alvotech may be held liable for any resulting damages and such liability could exceed its resources and state or federal or other applicable authorities may curtail Alvotech's use of certain materials and/or interrupt its business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. Alvotech

cannot predict the impact of such changes and cannot be certain of its future compliance. Alvotech does not currently carry biological or hazardous waste insurance coverage.

Alvotech or the third parties upon whom Alvotech depends may be adversely affected by earthquakes or other natural disasters and Alvotech's business continuity and disaster recovery plans may not adequately protect from a serious disaster. Until the Joint Venture becomes fully operational, Alvotech's manufacturing facility and Alvotech's inventories are located at a single site in Reykjavik, Iceland and any severe natural or other disaster or disruption at this site could have a material adverse effect on Alvotech's financial condition and results of operations.

Alvotech's corporate headquarters, manufacturing site and a large part of its R&D division are located in Reykjavik, Iceland. Iceland is geographically isolated and has in the past experienced severe earthquakes and other natural disasters, such as volcanic eruptions. Earthquakes or other natural disasters could severely disrupt Alvotech's operations or those of its collaboration partners and have a material adverse effect on Alvotech's business, results of operations, financial condition and prospects. If a natural disaster, power outage or other event occurred that prevented Alvotech from using all or a significant portion of its headquarters, that damaged critical infrastructure (such as the manufacturing facilities of Alvotech's third-party providers of power or water supplies) or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for Alvotech to continue its business for a substantial period of time. The disaster recovery and business continuity plans Alvotech has in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. Alvotech may incur substantial expenses as a result of the limited nature of its disaster recovery and business continuity plans, which, particularly when taken together with Alvotech's current lack of business continuity insurance, could have a material adverse effect on Alvotech's business.

Iceland's implementation of EEA rules may not be comprehensive or may be delayed, resulting in uncertainty for Alvotech and its business. Alvotech has significant assets, including its subsidiary Alvotech hf., in Iceland. Many of Alvotech's assets and material agreements are therefore governed by Icelandic law and subject to the jurisdiction of the Icelandic courts. As a member state of the European Economic Area (the EEA), Iceland is obligated to implement important parts of European Union law concerning the "four freedoms" within the EU single market. Certain aspects of Alvotech's operations are subject to laws originating from such implementation. If the Icelandic state fails to draft national legislation which conforms with such EEA rules, Icelandic individuals and legal persons may not be able to rely on the relevant EEA rules and the Icelandic courts could be restricted from applying them unless the Icelandic legislation can be interpreted in a way which conforms with EEA rules. Errors or undue delay may occur in the implementation of EEA rules and in those cases, Icelandic law will be deemed by the Icelandic courts to prevail. This could negatively affect Alvotech or other individuals or legal persons who conduct business with Alvotech in Iceland.

Alvotech is subject to taxes in Luxembourg and numerous foreign jurisdictions. Alvotech hf., Alvotech's operating subsidiary, is subject to taxes in Iceland and other foreign jurisdictions. Alvotech's tax liabilities could be adversely affected in the future by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of tax audits in various jurisdictions around the world. Many of the countries in which Alvotech and its subsidiaries do business have or are expected to adopt changes to tax laws as a result of the Base Erosion and Profit Shifting final proposals from the Organization for Economic Co-operation and Development and specific country anti-avoidance initiatives. Such tax law changes increase uncertainty and may adversely affect Alvotech's tax provision. Alvotech will regularly assess all of these matters to determine the adequacy of its tax provision, which is subject to significant judgment.

Changes in tax laws and unanticipated tax liabilities could adversely affect Alvotech. Alvotech is subject to taxes in Luxembourg and numerous foreign jurisdictions. Alvotech hf., Alvotech's operating subsidiary, is subject to taxes in Iceland and other foreign jurisdictions. Alvotech's tax liabilities could be adversely affected in the future by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of tax audits in various jurisdictions around the world. Many of the countries in which Alvotech and its subsidiaries do business have or are expected to adopt changes to tax laws as a result of the Base Erosion and Profit Shifting final proposals from the Organization for Economic Co-operation and Development and specific country anti-avoidance initiatives. Such tax law changes increase uncertainty and may adversely affect Alvotech's tax provision. Alvotech will regularly assess all of these matters to determine the adequacy of its tax provision, which is subject to significant judgment.

1.1.3.2 Risks relating to IP rights and litigation

Alvotech may not be able to adequately protect its intellectual property rights throughout the world. Filing, prosecuting, defending and enforcing patents on product candidates in all countries throughout the world would be prohibitively expensive, and Alvotech's intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Further, licensing partners may choose not to file patent applications in certain jurisdictions in which Alvotech may obtain commercial rights (to the extent those partners have a contractual right to do so), thereby precluding the possibility of later obtaining patent protection in these countries. Consequently, Alvotech may not be able to prevent third parties from practicing its inventions in all countries outside the United States or importing products made using its inventions into the United States or other jurisdictions. Competitors may use Alvotech's technologies in jurisdictions where Alvotech has not obtained patent protection to develop their own products and may also export infringing products to territories where Alvotech has patent protection, but the ability to enforce its patents is not as strong as that in the United States. These products may compete with Alvotech's products and its patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in obtaining, protecting and defending intellectual property rights in certain non-U.S. jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for Alvotech to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce Alvotech's patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert Alvotech's efforts and attention from other aspects of its business, could put Alvotech's patents at risk of being invalidated or interpreted narrowly and Alvotech's patent applications at risk of not issuing and could provoke third parties to assert claims against Alvotech. Alvotech may not prevail in any lawsuits that it initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. Governments of some foreign countries may force Alvotech to license its patents to third parties on terms that are not commercially reasonable or acceptable to Alvotech (not timely or not at all). Accordingly, Alvotech's efforts to enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that Alvotech develops or licenses in certain jurisdictions.

Changes in the patent laws of the United States and other jurisdictions in which Alvotech does business could diminish the value of patents obtainable in such jurisdictions, thereby impairing Alvotech's ability to protect its products. As is the case with other biopharmaceutical companies, Alvotech's success for any given product could be heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain.

Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken Alvotech's ability to obtain new patents or to enforce its existing patents and patents that Alvotech might obtain in the future.

If Alvotech is unable to maintain effective (non-patent) proprietary rights for its product candidates or any future product candidates, Alvotech may not be able to compete effectively in its markets. While Alvotech has filed patent applications to protect certain aspects of its own proprietary formulation and process developments, Alvotech also relies on trade secret protection and confidentiality agreements to protect proprietary scientific, business and technical information and know-how that is not or may not be patentable or that Alvotech elects not to patent. However, confidential information and trade secrets can be difficult to protect. Moreover, the information embodied in Alvotech's trade secrets and confidential information may be independently and legitimately developed or discovered by third parties without any improper use of or reference to information or trade secrets. Alvotech seeks to protect the scientific, technical and business information supporting its operations, as well as the confidential information relating specifically to its product candidates by entering into confidentiality agreements with parties to whom Alvotech needs to disclose its confidential information, for example, its employees, consultants, scientific advisors, board members, contractors, potential collaborators and financial investors. However, Alvotech cannot be certain that such agreements have been entered into with all relevant parties, or that any such agreements would not be violated. Alvotech also seeks to preserve the integrity and confidentiality of its data and trade secrets by maintaining physical security of its premises and physical and electronic security of its information technology systems, but it is possible that these security measures could be breached. While Alvotech has confidence in these individuals, organizations and systems, agreements or security measures may be breached, and Alvotech may not have adequate remedies for any breach. Further, from time-to-time Alvotech may be subject to anonymous Freedom of Information Act ("**FOIA**"), requests. To the extent the company needs to respond to

such requests, Alvotech's management's attention and the company's resources may be diverted from normal business operations. As a result of either security breaches or FOIA requests, Alvotech's confidential information and trade secrets thus may become known by its competitors in ways Alvotech cannot prevent or remedy.

Although Alvotech requires all of its employees and consultants to assign their inventions to Alvotech, and all of its employees, consultants, advisors and any third parties who have access to its proprietary know-how, information or technology to enter into confidentiality agreements, Alvotech cannot provide any assurances that all such agreements have been duly executed. Alvotech cannot guarantee that its trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to its trade secrets or independently develop substantially equivalent information and techniques. For example, any of these parties may breach the agreements and disclose its proprietary information, including its trade secrets, and Alvotech may not be able to obtain adequate remedies for such breaches. Misappropriation or unauthorized disclosure of Alvotech's trade secrets could impair Alvotech's competitive position and may have a material adverse effect on Alvotech's business. Additionally, if the steps taken to maintain Alvotech's trade secrets are deemed inadequate, Alvotech may have insufficient recourse against third parties for misappropriating the trade secret. Alvotech cannot guarantee that its employees, former employees or consultants will not file patent applications claiming Alvotech's inventions. Because of the "first-to-file" laws in the United States, such unauthorized patent application filings may defeat Alvotech's attempts to obtain patents on its own inventions.

Alvotech's reliance on third parties requires Alvotech to share its trade secrets, which increases the possibility that a competitor will discover them or that Alvotech's trade secrets will be misappropriated or disclosed. Because Alvotech relies on third parties to develop and manufacture its product candidates, Alvotech must, at times, share trade secrets with them. Alvotech seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaboration partners, advisors, employees and consultants prior to beginning research or disclosing proprietary information, such as trade secrets. These agreements typically limit the rights of the third parties to use or disclose Alvotech's confidential information, such as trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by Alvotech's competitors, are inadvertently incorporated into the technology of others or are disclosed or used in violation of these agreements. Given that Alvotech's proprietary position is based, in part, on its know-how and trade secrets, a competitor's discovery of Alvotech's trade secrets or other unauthorized use or disclosure would impair Alvotech's competitive position and may have a material adverse effect on Alvotech's business.

Alvotech may be subject to claims challenging the inventorship or ownership of its patent filings and other intellectual property. Although Alvotech is not currently aware of any claims challenging the inventorship of its patent applications or ownership of its intellectual property, Alvotech may in the future be subject to claims that former employees, collaborators or other third parties have an interest in Alvotech's patent applications or patents Alvotech may be granted or other intellectual property as an inventor or co-inventor. For example, Alvotech may have inventorship or ownership disputes arise from conflicting obligations of consultants or others who are involved in developing Alvotech's product candidates, or which result from an improper assignment of ownership. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If Alvotech fails in defending any such claims, in addition to paying monetary damages, Alvotech may lose valuable intellectual property rights, such as exclusive ownership of or right to use valuable intellectual property. Such an outcome could have a material adverse effect on Alvotech's business. Even if Alvotech is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Alvotech may not be successful in obtaining or maintaining necessary intellectual property rights to its product candidates through acquisitions and in-licenses. Alvotech currently has or is pursuing rights to certain intellectual property, through licenses from third parties for various technologies relevant to the manufacture and commercialization of biologics. Because Alvotech may find that its programs require the use of proprietary rights held by third parties, the growth of Alvotech's business may depend in part on its ability to acquire, in-license or use these proprietary rights. Alvotech may be unable to acquire or in-license compositions, methods of use, processes or other third-party intellectual property rights from third parties that Alvotech identifies as necessary for its product candidates. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that Alvotech may consider attractive. These established companies may have a competitive advantage over Alvotech due to their size, financial resources and greater clinical development and commercialization capabilities. In addition, companies that perceive Alvotech to be a competitor may be unwilling to assign or license rights to Alvotech. Alvotech also may be unable to license or acquire third-party intellectual property rights on terms that would allow Alvotech to make an appropriate return on its investment.

If Alvotech infringes or is alleged to infringe the intellectual property rights of third parties, its business could be harmed. Avoiding and defending against infringement claims could be expensive and time consuming, which may in turn prevent or delay Alvotech's development and commercialization efforts.

Alvotech's commercial success depends in large part on avoiding infringement of the valid and enforceable patents and proprietary rights of third parties and invalidating or rendering unenforceable other patent and proprietary rights of third parties. There have been many lawsuits and other proceedings involving patent and other intellectual property rights in the pharmaceutical industry, including patent infringement lawsuits, interferences, oppositions and reexamination proceedings before the U.S. Patent and Trademark Office ("**USPTO**"), and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which Alvotech is developing product candidates. As the pharmaceutical industry expands and more patents are issued, the risk increases that Alvotech's product candidates may be subject to claims of infringement of the patent rights, or other intellectual property rights, of third parties.

If Alvotech is unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights Alvotech has, Alvotech's business and financial condition could suffer.

Alvotech's ability to market its products in the United States may be significantly delayed or prevented by the BPCIA patent information exchange mechanism. The BPCIA created an elaborate and complex, private, pre-litigation patent information exchange mechanism for biosimilars to focus issues for patent litigation and/or facilitate dispute resolution with the reference product sponsor before litigation commences/ends.

The BPCIA provides for a detailed and complex mechanism for exchange of confidential and business-sensitive information between a reference product sponsor and a biosimilar candidate (pre-approval) that is demanding, time-sensitive and, to date, not fully tested and therefore unpredictable. This pre-litigation private information exchange is colloquially known as the "patent dance."

The patent dance requires the biosimilar applicant to disclose not only the regulatory application but also the applicant's manufacturing process before litigation (and therefore significantly earlier than would normally be required in patent litigation), has the potential to afford the reference product sponsor an easier path than traditional infringement litigation for developing any factual grounds they may require to support allegations of infringement. The rules established in the BPCIA's patent dance procedures could place biosimilar firms at a significant disadvantage by affording the reference product sponsor a much easier mechanism for factual discovery, thereby increasing the risk that a biosimilar product could be blocked from the market more quickly than under traditional patent infringement litigation processes and in certain cases could outweigh advantages provided to biosimilar firms by the patent dance.

Preparing for and conducting the patent information exchange, briefing and negotiation process under the BPCIA will require sophisticated legal counseling and extensive planning, all under extremely tight deadlines. Alvotech cannot guarantee the outcome of the patent dance will be a successful path to commercialization of its biosimilar products.

It is possible for a biosimilar firm to skip the patent dance before any corresponding patent litigation. But this too could place a biosimilar firm at a significant disadvantage by ceding all control of the number of patents and the timing for the start of litigation to the reference product sponsor, thereby increasing the uncertainty before approval and launch and increasing the chances for possible delays. In certain circumstances, the advantages of participating in the patent dance could outweigh the advantages of skipping the patent dance.

Regardless of whether a biosimilar firm chooses to participate in the patent dance, the BPCIA's information disclosure procedure adds significantly to expense, complexity, uncertainty, and risk. For example, a biosimilar firm may be subject to an allegation of violating the BPCIA independent of the patent issues, given that what could be a violation still has not been fully vetted. Moreover, the complexity of the patent dance and subsequent biosimilar litigation requires highly qualified law firms and the conflict space for such firms is very crowded, with biosimilar firms competing not only with other biosimilar firms but also with reference product sponsors for the engagement of suitable law firms. It may be difficult for Alvotech to secure such legal support if large, well-funded references have already entered into engagements with highly qualified law firms or if the most highly qualified law firms choose not to represent biosimilar applicants due to their long-standing relationships with references.

So called "submarine" patents may be granted to Alvotech's competitors that may significantly alter Alvotech's launch timing expectations, reduce Alvotech's projected market size, cause Alvotech to modify its product or process or block Alvotech from the market altogether.

The term "submarine" patent has been used in the pharmaceutical industry and in other industries to denote a patent issuing from an application that was not published, publicly known or available (including unfiled continuation. continuation-in-part, and divisional applications, and the like) at a critical time during which development and/or commercial decisions are made. Submarine patents add uncertainty to Alvotech's business, e.g., because key decisions may be made during a period of time during which a pending applications has not yet published and such applications may only become known after those key decisions have already been made and perhaps even acted on. Submarine patents may issue to Alvotech's competitors covering key aspects of Alvotech's biosimilar product candidates or Alvotech's pipeline candidates and thereby cause significant market entry delay, lead to unexpected licensing fees, defeat Alvotech's ability to market its products or cause Alvotech to abandon development and/or commercialization of a molecule.

The issuance of one or more submarine patents may harm Alvotech's business by causing substantial delays in its ability to introduce a biosimilar candidate into the U.S. market.

Alvotech may not timely identify, or identify at all, relevant patents or may incorrectly interpret the relevance, scope or expiration of a patent which might adversely affect Alvotech's ability to develop and market its products.

Alvotech cannot guarantee that any of its patent searches or analyses, including but not limited to the identification of relevant patents, the scope of patent claims or the expiration of relevant patents, are 100% accurate and/or exhaustive, nor can Alvotech be certain that it has identified each and every patent and pending application in the United States and abroad that is relevant to or necessary for the commercialization of Alvotech's product candidates in any jurisdiction (timely or at all).

The scope of a patent claim is determined by a judicial authority's interpretation under controlling law. Alvotech's interpretation of the relevance or the scope of a patent or a pending application may be incorrect and/or different from that of a judicial authority, which may negatively impact Alvotech's ability to market its products or pipeline molecules. Alvotech may determine that its products are not covered by a third-party patent, but a judicial authority may hold otherwise.

Many patents may cover a marketed product, including but not limited to the composition of the product, methods of use, formulations, cell line constructs, vectors, growth media, production processes and purification processes. The identification of all patents and their expiration dates relevant to the production and sale of a reference product is extraordinarily complex and requires sophisticated legal knowledge in the relevant jurisdiction and interactive monitoring and analyzing of the patent landscape. It may be impossible to identify all patents in all jurisdictions relevant to a marketed product. Alvotech's determination of the expiration date of any patent in the United States or abroad that Alvotech considers (timely or at all) relevant may be incorrect which may negatively impact Alvotech's ability to develop and market its products. Alvotech's failure to identify and correctly interpret relevant patents may negatively impact its ability to develop and market its products.

Alvotech's failure to obtain or renew certain approvals, licenses, permits and certificates required may result in its inability to continue its operations or may result in enforcement actions with the respective regulatory authorities which would materially and adversely affect Alvotech's business.

Alvotech is required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate its business. Any failure to obtain any approvals, licenses, permits and certificates necessary for Alvotech's operations may result in enforcement actions thereunder, including the relevant regulatory authorities ordering Alvotech to cease operations, implement potentially costly corrective measures or any other action which could materially disrupt Alvotech's business operations.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Alvotech cannot give reassurance that it will be able to successfully procure such renewals and/or reassessment when due, and any failure to do so could severely disrupt its business.

Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring Alvotech to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate its existing businesses, Alvotech cannot provide assurance that it will successfully obtain them, which in turn could restrict its scope of permitted business activities and constrain its drug development and revenue generation capability.

Any of the above developments could have a material adverse effect on Alvotech's business, financial condition and results of operations.

Alvotech's research, development and commercialization activities may be claimed or held to infringe or otherwise violate patents owned or controlled by other parties. The companies that originated the products for which Alvotech intends to introduce biosimilar versions, such as AbbVie, Amgen, Janssen, Genentech and Regeneron as well as other competitors (including other companies developing biosimilars) often have developed worldwide patent portfolios of varying sizes and breadth, many of which are in fields relating to Alvotech's business, and it may not always be clear to industry participants, including Alvotech, which patents cover various types of products, methods of use, methods of manufacturing, etc.

Third parties may assert that Alvotech is employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to compositions, formulations, methods of manufacture or methods for treatment related to the use or manufacture of Alvotech's product candidates. While Alvotech has conducted freedom to operate analyses with respect to its lead product candidates, Alvotech cannot guarantee that any of its analyses will ensure that claims will not be brought or won against Alvotech, nor can Alvotech be sure that it has identified each and every patent and pending application in the United States and abroad that is relevant or necessary to the commercialization of its product candidates. Moreover, because patent applications can take up to 18 months after initial priority filing date to publish and issue, there may be currently pending patent applications with claims not yet filed that may later result in issued patents covering Alvotech's product candidates. Alvotech has not yet completed freedom to operate analysis on products it is evaluating for inclusion in its future biosimilar product pipeline and therefore Alvotech does not know whether or to what extent that development of these products may be influenced by unexpired patents and pending applications.

There may also be patent applications that have been filed but not published and if such applications issue as patents, they could be asserted against Alvotech. For example, in most cases, a patent filed today would not become known to industry participants for at least 18 months given patent rules applicable in most jurisdictions which typically do not publish patent applications until 18 months from the application's prior date. Moreover, Alvotech may face claims from non-practicing entities that have no relevant product revenue and against whom its own patent portfolio may have no deterrent effect. In addition, coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If Alvotech is sued for patent infringement, Alvotech would need to convince a judicial authority that its product candidates, products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid and/or unenforceable, and Alvotech may not be able to do this. Proving to a judicial authority that a patent claim is invalid or unenforceable can be difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Also in proceedings before courts in Europe, the burden of proving invalidity of the patent usually rests on the party alleging invalidity. Further, proving the invalidity or unenforceability of a patent claim in the jurisdictions in which Alvotech operates may also depend on changes in the relevant law. Attempts to resolve intellectual property disputes may require substantial efforts including, but not limited to, validity challenges in patent offices, court litigation and arbitration. Even if Alvotech is successful in these proceedings, Alvotech may incur substantial costs and the time and attention of its management and scientific personnel could be diverted in pursuing these proceedings, which could have a material adverse effect on Alvotech. In addition, Alvotech may not have sufficient resources to bring these actions to a desired conclusion.

Third parties could bring claims against Alvotech that would cause Alvotech to incur substantial expenses to defend against and, if successful against Alvotech, could cause Alvotech to pay substantial monetary damages if Alvotech's product candidate is on the market. Further, if a patent infringement suit were brought against Alvotech, Alvotech could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. Ultimately, Alvotech could be prevented from commercializing a product or be forced to cease some aspect of its business operations, if, as a result of actual or threatened patent infringement claims, Alvotech is unable to enter into licenses on commercially acceptable terms or at all. If, as a result of patent infringement claims or to avoid potential claims, Alvotech chooses or is required to seek licenses from third parties, these licenses may not be available on acceptable terms or at all. Even if Alvotech is able to obtain a license, the license may obligate Alvotech to pay substantial license fees or royalties or both, and the rights granted to Alvotech might be nonexclusive, which could result in Alvotech's competitors gaining access to the same intellectual property. Parties making claims against Alvotech may obtain injunctive or other equitable relief, which could effectively delay or block Alvotech's ability to further develop and commercialize one or more of its product candidates. For example, companies that originated the products for which Alvotech intends to introduce biosimilar versions may seek damages for their loss of profits and/or market share. Defense of these claims, regardless of their merit, would likely involve substantial litigation expense and

would likely be a substantial diversion of employee resources from Alvotech's business. In the event of a successful claim of infringement against Alvotech, Alvotech may, in addition to being blocked from the market, have to pay substantial monetary damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign its infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

In addition to infringement claims against Alvotech, Alvotech may become a party to other patent litigation and other proceedings, including interference, derivation or post-grant proceedings declared or granted by the USPTO and similar proceedings in foreign countries, regarding intellectual property rights with respect to its current or future products. An unfavorable outcome in any such proceedings could require Alvotech to delay or cease using the related technology or to attempt to license rights to it from the prevailing party or could cause Alvotech to lose valuable intellectual property rights. Alvotech's business could be harmed if the prevailing party does not offer Alvotech a license on commercially reasonable terms, if any license is offered at all. Litigation or other proceedings may fail and, even if successful, may result in substantial costs and distract Alvotech's management and other employees. Alvotech may also become involved in disputes with others regarding the ownership of intellectual property rights. For example, Alvotech may jointly develop intellectual property with certain parties, and disagreements may therefore arise as to the ownership of the intellectual property developed pursuant to these relationships. If Alvotech is unable to resolve these disputes, Alvotech could lose valuable intellectual property rights.

BLA holders may submit applications for patent term extensions in the United States or other jurisdictions where similar extensions are available and/or Supplementary Protection Certificates in the EEA countries, and an equivalent process in Switzerland, seeking to extend certain patent protection which, if approved, may interfere with or delay the launch of one or more of Alvotech's biosimilar products. Further, patent laws in the various jurisdictions in which Alvotech does business are subject to change and any future changes in patent laws may be less favorable for Alvotech.

The cost to Alvotech of any patent litigation or other proceeding, even if resolved in its favor, could be substantial. Patent litigation and other proceedings may fail, and even if successful, may result in substantial costs and distract Alvotech's management and other employees. The companies that originated the products for which Alvotech intends to introduce biosimilar versions, as well as other competitors (including other biosimilar companies) may be able to sustain the costs of such litigation or proceedings more effectively than Alvotech can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair Alvotech's ability to compete in the marketplace. For example, Alvotech is in legal proceedings adverse to AbbVie.

Legal proceedings that carry risk may occur from time to time, and their outcome may be uncertain. Alvotech may be involved in various legal proceedings, including patent litigation and challenges, other intellectual property disputes, product liability and other product-related litigation, including personal injury, consumer, off-label promotion, securities, antitrust and breach of contract claims, commercial, environmental, government investigations, employment, tax litigation and other legal proceedings that arise from time to time in the ordinary course of our business. Litigation is inherently unpredictable and excessive verdicts do occur. Alvotech could in the future incur judgments and/or enter into settlements, which could require Alvotech to make payments to the proceedings' counterparties or limit or discontinue certain of its activities, or could otherwise have a material adverse effect on its business operations. In addition, even if such legal proceedings are ultimately resolved in Alvotech's favor, they may be costly and time-consuming to conduct, which may materially adversely affect Alvotech's business, financial condition and results of operations. The cost and resource requirements, including management attention, associated with conducting such legal proceedings may lead Alvotech to settle certain actions on terms that are materially adverse to it, even if it believes that the ultimate resolution of the proceedings is likely to be favorable.

Alvotech may be involved in lawsuits to protect or enforce its patents or other intellectual property rights, which could be expensive, time consuming and unsuccessful. Alvotech may discover that competitors are infringing one or more of its patents after they issue. Expensive and time-consuming litigation may be required to abate such infringement. Although Alvotech is not currently involved in any litigation to enforce patents, if Alvotech or one of its collaboration partners, such as Teva or STADA, were to initiate legal proceedings against a third-party to enforce a patent covering one of Alvotech's product candidates, the defendant could counterclaim that the patent covering its product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including but not limited to lack of novelty, obviousness, written description or non-enablement. Grounds for an unenforceability assertion could include an allegation that someone involved in the prosecution of the patent withheld relevant or material information related to the patentability of the invention from the USPTO or made a

misleading statement during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

An unfavorable outcome could require Alvotech to cease using the related technology or to attempt to license rights to it from the prevailing party. Alvotech's business could be harmed if it cannot obtain a license from the prevailing party on commercially reasonable terms. Alvotech's defense of litigation proceedings may fail and, even if successful, may result in substantial costs and distract its management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on its ability to raise the funds necessary to continue Alvotech's clinical trials, continue its research programs, license necessary technology from third parties or enter into development partnerships that would help Alvotech bring its product candidates to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, and although there are protections in place, there is a risk that some of Alvotech's confidential information could be compromised by disclosure during any litigation Alvotech initiates to enforce its patents. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of the Ordinary Shares.

If Alvotech is unable to obtain and maintain effective intellectual property rights, including patent rights, for its product candidates or any future product candidates, Alvotech may not be able to prevent competitors from using technologies Alvotech considers important in its successful development and commercialization of its product candidates, resulting in loss of any potential competitive advantage its intellectual property rights may have otherwise afforded Alvotech.

While Alvotech's principal focus in matters relating to intellectual property is to avoid infringing the valid and enforceable rights of third parties, Alvotech also relies upon a combination of intellectual property protection and confidentiality agreements to protect Alvotech's own intellectual property related to its product candidates and development programs. Alvotech's ability to enjoy any competitive advantages afforded by Alvotech's own intellectual property depends in large part on its ability to obtain and maintain patents and other intellectual property protection in the United States and in other countries with respect to various proprietary elements of its product candidates, such as, for example, Alvotech's product formulations and processes for manufacturing its products and its ability to maintain and control the confidentiality of its trade secrets and confidential information critical to its business.

Alvotech has sought to protect its proprietary position by filing patent applications in the United States and abroad related to its products that are important to its business. This process is expensive and time consuming, and Alvotech may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that Alvotech will fail to identify patentable aspects of its research and development output before it is too late to obtain patent protection. There is no guarantee that any patent application Alvotech files will result in an issued patent having claims that protect its products. Additionally, while the basic requirements for patentability are similar across jurisdictions, each jurisdiction has its own specific requirements for patentability. Alvotech cannot guarantee that it will obtain identical or similar, or any, patent protection covering its products in all jurisdictions where Alvotech files patent applications.

The patent positions of biopharmaceutical companies generally are highly uncertain and involve complex legal and factual questions for which legal principles remain unresolved. As a result, the patent applications that Alvotech owns or licenses may fail to result in issued patents with claims that cover Alvotech's product candidates in the United States or in other foreign countries for many reasons. There is no assurance that all potentially relevant prior art relating to Alvotech's patents and patent applications has been found, considered or cited during patent prosecution, which can be used to invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover Alvotech's product candidates, third parties may challenge their validity, enforceability or scope, which may result in such patent claims being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, Alvotech's patents and patent applications may not adequately protect its intellectual property, provide exclusivity for its product candidates or prevent others from designing around its claims. Any of these outcomes could impair Alvotech's ability to prevent competitors from using the technologies claimed in any patents issued to Alvotech, which may have an adverse impact on Alvotech's business.

Patents granted by the European Patent Office may be opposed by any person within nine months from the publication of their grant and, in addition, may be challenged before national courts at any time. From time to time, Alvotech may be involved in these anonymous or "straw man" oppositions. Furthermore, even if they are unchallenged,

Alvotech's patents and patent applications may not adequately protect its intellectual property or prevent others from designing around its claims. If the breadth or strength of protection provided by the patents and patent applications Alvotech holds, licenses or pursues with respect to its product candidates is threatened, it could threaten Alvotech's ability to prevent third parties from using the same technologies that Alvotech uses in its product candidates. In addition, changes to the patent laws of the United States provide additional procedures for third parties to challenge the validity of issued patents based on patent applications filed after 15 March 2013. If the breadth or strength of protection provided by the patents and patent applications Alvotech holds or pursues with respect to its current or future product candidates is challenged, then it could threaten Alvotech's ability to prevent competitive products using its proprietary technology. Further, because patent applications in the United States and most other countries are confidential for a period of time, typically for 18 months after filing, Alvotech cannot be certain that it was the first to either (i) file any patent application related to Alvotech's product candidates or (ii) invent any of the inventions claimed in Alvotech's patents or patent applications. Furthermore, for applications filed before 16 March 2013 or patents issuing from such applications, an interference proceeding can be provoked by a third-party or instituted by the USPTO to determine who was the first to invent any of the subject matter covered by the patent claims of Alvotech's applications and patents. As of 16 March 2013, the United States transitioned to a "first-inventor-to-file" system for deciding which party should be granted a patent when two or more patent applications claiming the same invention are filed by different parties. A third-party that files a patent application in the USPTO before Alvotech could therefore be awarded a patent covering an invention of Alvotech's.

The change to "first-inventor-to-file" from "first-to-invent" is one of the changes to the patent laws of the United States resulting from the Leahy-Smith America Invents Act (the "**Leahy-Smith Act**"), signed into law on September 16, 2011. Among some of the other significant changes to the patent laws are changes that limit where a patentee may file a patent infringement suit and provide opportunities for third parties to challenge any issued patent in the USPTO.

Alvotech has filed patent applications, which are in various stages of prosecution/issuance, and plans to pursue additional applications, covering various aspects of its product candidates (e.g., formulations and bioprocesses). Alvotech cannot offer any assurances about which or where, if any, patents will issue, the breadth of any such patent or whether any issued patents will be found invalid and unenforceable or will be threatened or infringed by third parties. Any successful actions by third parties to challenge the validity or enforceability of any patents which may issue to Alvotech could deprive Alvotech the ability to prevent others from using the technologies claimed in such issued patents. Further, if Alvotech encounters delays in regulatory approvals, the period of time during which Alvotech could market a product candidate under patent protection could be reduced.

While Alvotech's business is based primarily on the timing of its biosimilar product launches to occur after the expiration of relevant patents and/or regulatory exclusivity. Alvotech files patent applications directed to its proprietary formulations for its product candidates when Alvotech believes securing such patents may afford a competitive advantage. For example, the company that originated Humira (AbbVie) owns patents directed to formulations for these products. Alvotech has developed its own proprietary formulations for this product and has filed patent applications covering its formulations. Alvotech cannot guarantee that its proprietary formulations will avoid infringement of third-party patents, or that the patent applications filed on its proprietary formulations will be found patentable and/or upheld as valid. Moreover, because competitors may be able to develop their own proprietary product formulations, it is uncertain whether issuance of any of its pending patent applications directed to formulations of ATV02, a biosimilar candidate to Humira (adalimumab), would cover the formulations of any competitors.

Alvotech does not consider it necessary for Alvotech or its competitors to obtain or maintain a proprietary patent position in order to engage in the business of biosimilar development and commercialization. Hence, while Alvotech's ability to secure patent coverage on its own proprietary developments may improve its competitive position with respect to the product candidates Alvotech intends to commercialize, Alvotech does not view its own patent filings as a necessary or essential requirement for conducting its business nor does Alvotech rely on its own patent filings or the potential for any commercial advantage they may provide Alvotech as a basis for its success.

Obtaining and maintaining Alvotech's patent protection depends on compliance with various procedural requirements, document submissions, actions within prescribed deadlines, overcoming substantial and procedural examination requirements, fee payments and other requirements imposed by governmental patent agencies. Alvotech's patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations

in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

Alvotech has been and continues to be involved, directly or through its partners, in various legal proceedings adverse to AbbVie that may have an impact on its AVT02 product. Alvotech has been and continues to be involved in legal proceedings adverse to AbbVie, directly or through its partners, that may have an impact on Alvotech's biosimilar adalimumab product, AVT02. While the proceedings in the United States, the Netherlands, and Japan, and before the European Patent Office, have been settled or otherwise resolved, proceedings are pending in Canada as further described below.

On March 31, 2021, AbbVie filed four actions in the Federal Court of Canada (T-557-21, T-559-21, T-560-21 and T-561-21, collectively, the "NOC Actions") against JAMP Pharma Corporation ("**JAMP Pharma**"), which is Alvotech's exclusive Canadian partner for AVT02 (adalimumab solution for injection). No Alvotech entity is a named party in the NOC Actions. AbbVie is seeking declarations pursuant to the Patented Medicines (Notice of Compliance) Regulations and the Patent Act that JAMP Pharma's adalimumab solution for subcutaneous injection (the "**JAMP Pharma Products**") would directly or indirectly infringe the asserted claims of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745. JAMP Pharma counterclaimed, in each of the four actions, alleging that the asserted claims of each of the six patents are invalid.

On April 6, 2021, JAMP Pharma commenced four actions in the Federal Court of Canada (T-572-21, T-573-21, T-577-21 and T-581-21, collectively, the "**Impeachment Actions**") seeking declarations that all claims of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745 are invalid, void and of no force or effect, and declarations that the making, using or selling of the JAMP Pharma Products by JAMP Pharma in Canada will not infringe any valid claim of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745. No Alvotech entity is a named party in the Impeachment Actions.

On June 4, 2021, JAMP Pharma amended its Statements of Claim in the Impeachment Actions to only seek declarations that the specific claims asserted in the NOC Actions are invalid, void and of no force or effect, and declarations that the making, using or selling of the JAMP Pharma Products by JAMP Pharma in Canada will not infringe the asserted claims. AbbVie has counterclaimed for declarations that the asserted claims of the patents are valid and that they will be infringed by JAMP Pharma.

The pleadings are closed and the parties exchanged documentary productions as part of the discovery process on September 3, 2021. The trial of the Impeachment Actions and the NOC Actions is scheduled to commence on 14 November 2022.

In the event of a successful claim of patent infringement against JAMP Pharma, JAMP Pharma may be blocked from the market, and Alvotech may have to redesign its infringing products or obtain a license from AbbVie, which may be impossible or require substantial time and monetary expenditure. Even if JAMP Pharma is successful in defending against AbbVie's patent infringement claims, litigation could result in substantial cost and distraction to management and other employees.

In December 2021, Health Canada informed JAMP Pharma that the 40 mg/0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI are not subject to the 24-month statutory stay pursuant to the Patented Medicines (Notice of Compliance) Regulations because AbbVie elected to not market the equivalent high-concentration versions to Canadian patients. In January 2022, JAMP Pharma received notices of compliance for the 40 mg/0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI. AbbVie has commenced applications to judicially review Health Canada's decision in the Federal Court of Canada, and a hearing took place on May 16-17, 2022. On August 17, 2022, the court issued a decision finding that Health Canada's interpretation of the regulation was reasonable and dismissing AbbVie's application for judicial review.

In the event that AbbVie appeals the court's decision, and an appellate court finds in AbbVie's favor, then JAMP Pharma's notices of compliance may be quashed, resulting in JAMP Pharma not being able to market the 40 mg/0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI until a favorable trial decision is released in the ongoing patent infringement claims brought by AbbVie against JAMP Pharma.

1.2 Risks Relating to the Securities

1.2.1 Risks related to the listing of the shares

If securities or industry analysts do not publish or cease publishing research or reports about Alvotech, its business, or its market, or if they change their recommendations regarding Ordinary Shares adversely, then the price and trading volume of Ordinary Shares could decline.

The trading market for Ordinary Shares is influenced by the research and reports that industry or securities analysts may publish about Alvotech, its business, its market, or its competitors. If any of the analysts who may cover Alvotech change their recommendation regarding Ordinary Shares adversely, cease to provide coverage or provide more favorable relative recommendations about Alvotech's competitors, the price of Ordinary Shares would likely decline. If any analyst who may cover OACB were to cease coverage of Alvotech or fail to regularly publish reports on it, Alvotech could lose visibility in the financial markets, which could cause Ordinary Share price or trading volume to decline.

In addition, the market for the Ordinary Shares may not develop towards an active trading market or such development may not be maintained. Investors may be unable to sell their shares unless a viable market can be established and maintained.

The market price and trading volume of our Ordinary Shares may be volatile and could decline significantly. The stock markets, including Nasdaq and Nasdaq Iceland, on which the Ordinary Shares will be listed, subject to the Admission, have from time to time experienced significant price and volume fluctuations. The market price of Ordinary Shares may be volatile and could decline significantly. In addition, the trading volume in Ordinary Shares may fluctuate and cause significant price variations to occur. Additionally, any substantial amount of trading or sales in Ordinary Shares could make it difficult for Alvotech to raise capital through the issuance of debt or equity securities in the future. Generally, securities of biopharmaceutical companies tend to be volatile and experience significant price and volume fluctuations. Alvotech cannot assure you that the market price of the Ordinary Shares will not fluctuate widely or decline significantly in the future in response to, in particular:

- the realization of any of the risk factors presented in this prospectus;
- actual or anticipated differences in Alvotech's estimates, or in the estimates of analysts, for Alvotech's revenues, results of operations, liquidity or financial condition;
- additions and departures of key personnel;
- failure to comply with the requirements of Nasdaq;
- failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- future issuances, sales or resales, or anticipated issuances, sales or resales, of Ordinary Shares;
- publication of research reports about Alvotech;
- the performance and market valuations of other similar companies;
- broad disruptions in the financial markets, including sudden disruptions in the credit markets;
- material and adverse impact of the COVID-19 pandemic on the markets and the broader global economy;
- speculation in the press or investment community;
- actual, potential or perceived control, accounting or reporting problems; and
- changes in accounting principles, policies and guidelines.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert Alvotech's management's attention and resources, which could have a material adverse effect on Alvotech.

The dual listing of the Ordinary Shares may adversely affect the liquidity and value of those ordinary shares. Our Ordinary Shares are listed on both the Nasdaq and Nasdaq First North, and we are seeking admission to list our Ordinary Shares on Nasdaq Iceland (instead of Nasdaq First North). The trading of the Ordinary Shares in these markets will take place in different currencies (U.S. dollars on Nasdaq and Icelandic Krona on Nasdaq Iceland), at different times (resulting from different time zones, different trading days and different public holidays in the United States and Iceland) and with different settlement mechanics. The trading prices of Ordinary Shares on these markets may differ due to these and other factors. Any decrease in the price of Ordinary Shares on Nasdaq Iceland could cause a decrease in the trading price of the Ordinary Shares on Nasdaq and vice versa. Investors could seek to sell or buy Ordinary Shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both the trading prices on one exchange and the Ordinary Shares available for trading on the other exchange. Further, the dual listing of Ordinary Shares may reduce the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for Ordinary Shares in the United States.

We will face additional administrative requirements as a result of the listing and we may have difficulty in meeting those requirements. Our management team has limited experience managing a publicly traded company and complying with the increasingly complex laws pertaining to public companies. Our management team might not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under applicable laws and regulations. These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business.

As a public company, we will be subject to additional reporting and disclosure requirements. Compliance with these rules and regulations will increase our legal and financial compliance costs and may make some activities more time-consuming than they were previously. For example, our accounting, controlling, legal or other corporate administrative functions may not be capable of responding to the additional requirements without difficulties and inefficiencies that may cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. As a result, management’s attention may be diverted from other business concerns and we may be required to hire additional team members or engage outside consultants to comply with these requirements, which would increase our costs and expenses. Moreover, any non-compliance could result in significant fines or other penalties as well as harm our reputation.

As a dual-listed Luxembourgish company listed on Nasdaq Iceland and Nasdaq, Alvotech will be subject to reporting requirements and certain other applicable requirements under Luxembourgish law, U.S. law and Icelandic law, including, but not limited to, the Market Abuse Regulation. Adherence to the requirements of these rules and regulations may increase Alvotech’s legal, accounting and financial compliance costs, make certain activities more difficult, time consuming and costly, place additional strain on resources and divert management’s attention away from other business matters.

In addition, the applicable legal requirements or the interpretation of such requirements by regulators and courts in each of these jurisdictions may differ or conflict which could expose Alvotech to additional costs, sanctions and/or fines. Any of these factors could have a material effect on Alvotech’s business, results of operations and financial condition.

The Issuer could in the future want to increase its capital resources by offering shares, preference shares, or debts securities such as commercial paper, medium-term notes, Ordinary senior or subordinated notes. If the Issuer then later becomes insolvent, entities or individuals who hold preference shares or debt securities and other creditors would receive a distribution of the Issuer's available assets before the holders of the Shares. Additionally, further equity offerings may dilute the voting rights of the Issuer's existing shareholders and could potentially reduce the market price of the Ordinary Shares. Additionally, the holders of Ordinary Shares may be less likely to receive a dividend if preference shares have been issued.

Exchange rate fluctuations could have an adverse impact on the value of a holder's Ordinary Shares and dividends. The share capital of the Issuer is denominated in US Dollars. An investment in the Ordinary Shares by an investor whose principal currency is not US Dollars exposes the investor to foreign currency exchange rate risk. Any depreciation of US Dollars in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

Although the Sponsor and certain Alvotech Holdings Shareholders will be prohibited from transferring any Ordinary Share (subject to certain exceptions) until: (i) with respect to the Ordinary Shares held by the Sponsor after the

closing of the Business Combination, 365 days after the closing of the Business Combination, (ii) with respect to the Ordinary Shares held by Robert Wessman, the founder of Alvotech and chairman of the board of directors (the "**Chairman Shares**"), (x) 180 days following the closing of the Business Combination, with respect to one-third of the Chairman Shares, (y) 365 days following the closing of the Business Combination, with respect to one-third of the Chairman Shares, and (z) 545 days following the closing of the Business Combination, with respect to the remaining one-third of the Chairman Shares; and (iii) with respect to the Ordinary Shares held by the other investors party to the IRA, 180 days after the closing of the Business Combination, the Ordinary Shares may be sold after the expiration or early termination or release of the respective applicable lock-up provisions. In addition, we agreed to issue up to 3,660,582 Ordinary Shares to certain current and former employees as a result of the settlement of their existing share appreciation rights agreements. Pursuant to these settlement agreements, 3,510,582 Ordinary Shares will be issued June 16, 2023 and 150,000 Ordinary Shares may be issued on this date if the individual elects to receive shares in lieu of cash.

Following the expiration of the applicable lock-ups described above and as restrictions on resale end and registration statements are available for use, the market price of our Ordinary Shares could decline if the holders of restricted or locked up shares sell them or are perceived by the market as intending to sell them. As such, sales of a substantial number of Ordinary Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of Ordinary Shares.

If securities or industry analysts do not publish or cease publishing research or reports about Alvotech, its business, or its market, or if they change their recommendations regarding Ordinary Shares adversely, then the price and trading volume of Ordinary Shares could decline.

The trading market for Ordinary Shares is influenced by the research and reports that industry or securities analysts may publish about Alvotech, its business, its market, or its competitors. If any of the analysts who may cover Alvotech change their recommendation regarding Ordinary Shares adversely, cease to provide coverage or provide more favorable relative recommendations about Alvotech's competitors, the price of Ordinary Shares would likely decline. If any analyst who may cover OACB were to cease coverage of Alvotech or fail to regularly publish reports on it, Alvotech could lose visibility in the financial markets, which could cause Ordinary Share price or trading volume to decline.

Alvotech will incur increased costs as a result of operating as a public company, and its management will devote substantial time to new compliance initiatives.

Alvotech will incur significant legal, accounting and other expenses that it did not incur as a private company, and these expenses may increase even more if and when Alvotech is no longer an emerging growth company, as defined in Section 2(a) of the Securities Act. As a public company, Alvotech is subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules adopted, and to be adopted, by the SEC and Nasdaq. Alvotech's management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, Alvotech expects these rules and regulations to substantially increase its legal and financial compliance costs and to make some activities more time consuming and costly. The increased costs will increase Alvotech's net loss. For example, Alvotech expects these rules and regulations to make it more difficult and more expensive for it to obtain director and officer liability insurance and it may be forced to accept reduced policy limits or incur substantially higher costs to maintain the same or similar coverage. Alvotech cannot predict or estimate the amount or timing of additional costs it may incur to respond to these requirements. The impact of these requirements could also make it more difficult for Alvotech to attract and retain qualified persons to serve on its board of directors, its board advisors or as executive officers.

Alvotech's management has limited experience in operating a public company. Alvotech's executive officers have limited experience in the management of a publicly traded company. Alvotech's management team may not successfully or effectively manage its transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities. This in turn may result in less time being devoted to the management and growth of Alvotech. Alvotech may not have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the United States. The development and implementation of the standards and controls necessary for Alvotech to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that Alvotech will be required to expand its employee base and hire additional employees to support its operations as a public company, which will increase its operating costs in future periods.

The issuance of new ordinary shares, convertible bonds or warrants will cause dilution to Alvotech's existing shareholders, and could cause the market price of its listed shares to fall. Pursuant to the terms of the amended Senior Bonds, Alvotech is required to use commercially reasonable endeavors to raise new funding through issuance of additional shares (by way of ordinary shares, structured equity and/or preference shares) and/or subordinated and unsecured convertible bond(s), for net proceeds of at least $75.0 million by December 15, 2022, and another $75.0 million by March 31, 2023. If Alvotech fails to raise at least $75.0 million by December 15, 2022, Alvotech is required to grant penny warrants representing 1.5% of the ordinary share capital to the Senior Bond bondholders, and if Alvotech fails to raise another $75.0 million by March 31, 2023, Alvotech is required to grant penny warrants representing 1.00% of the ordinary share capital to the Senior Bond bondholders. In addition, Alvotech entered on November 16, 2022 into the Alvogen Facility and the Alvogen Warrant Agreement pursuant to the latter Alvotech is required to issue penny warrants representing up to 4% of the ordinary share capital to Alvogen, if (i) a Successful New Capital Increase has not occurred on or before December 15, 2022, or (ii) any amount remains outstanding pursuant to the Alvogen Facility on December 20, 2022.

1.2.2 Risks relating to future issuances

Raising new funding through the issuance of ordinary shares or convertible bonds, or the granting of warrants, would result in dilution to the interests of other existing shareholders. Additionally, the issuance of a substantial number of new ordinary shares, either directly, through convertible bonds or through warrants, or the anticipation of such issuance, could also harm the prevailing market price of Alvotech's listed shares.

Alvotech expects to issue a substantial number of Ordinary Shares, including under the 2022 management incentive plan (the "**2022 Plan**"). Ordinary Shares reserved for future issuance under our management incentive plan will 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 Rule 144, as applicable. The aggregate number of Ordinary Shares initially reserved for future issuance under 2022 equity incentive plan (the "**2022 Plan**") is 16,802,386 shares. Alvotech intends to file one or more registration statements on Form S-8 under the Securities Act to register Ordinary Shares or other securities convertible into or exchangeable for Ordinary Shares pursuant to the 2022 equity incentive plan.

Accordingly, shares registered under such registration statements may be immediately available for sale in the open market. Any such issuances of additional Ordinary Shares or securities convertible into Ordinary Shares:

- may significantly dilute the equity interests of our investors;
- may subordinate the rights of holders of Ordinary Shares if securities are issued with rights senior to those afforded Ordinary Shares; and
- may adversely affect prevailing market prices for Ordinary Shares.

As a result of the Business Combination being consummated, outstanding warrants to purchase an aggregate of 10,916,647 Ordinary Shares became exercisable in accordance with the terms of the Warrant Agreement. These warrants became exercisable on July 15, 2022. The exercise price of these warrants is $11.50 per share, or approximately $125.5 million, assuming none of the warrants are exercised through "cashless" exercise. To the extent such warrants are exercised, additional ordinary shares will be issued, which will result in dilution to the holders of Ordinary Shares and increase the number of shares eligible for resale in the public market. We believe the likelihood that warrant holders will exercise their warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the trading price of our ordinary shares. If the trading price for our ordinary shares is less than $11.50 per share, we believe holders of our Public Warrants and Private Placement Warrants will be unlikely to exercise their warrants. There is no guarantee that the Public Warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless. The exercise price for our Warrants is $11.50 per Ordinary Share. We believe the likelihood that warrant holders will exercise their Public Warrants and Private Placement Warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the trading price of our Ordinary Shares. If the trading price for our Ordinary Shares is less than $11.50 per share, we believe warrant holders will be unlikely to exercise their Warrants. Alvotech may redeem the Public Warrants prior to their exercise at a time that is disadvantageous to the holder, thereby making such warrants worthless.

Furthermore, pursuant to the terms of the amended Senior Bonds, Alvotech is required to use commercially reasonable endeavors to raise new funding through issuance of additional shares (by way of ordinary shares, structured

equity and/or preference shares) and/or subordinated and unsecured convertible bond(s), for net proceeds of at least $75.0 million by December 15, 2022, and another $75.0 million by March 31, 2023. If Alvotech fails to raise at least $75.0 million by December 15, 2022, Alvotech is required to grant penny warrants representing 1.5% of the ordinary share capital to the Senior Bond bondholders, and if Alvotech fails to raise another $75.0 million by March 31, 2023, Alvotech is required to grant penny warrants representing 1.00% of the ordinary share capital to the Senior Bond bondholders. In addition, Alvotech entered on November 16, 2022 into the Alvogen Facility and the Alvogen Warrant Agreement and, pursuant to the latter, Alvotech is required to issue penny warrants representing up to 4% of the ordinary share capital to Alvogen, if (i) a Successful New Capital Increase has not occurred on or before December 15, 2022, or (ii) any amount remains outstanding pursuant to the Alvogen Facility on December 20, 2022.

2. GENERAL INFORMATION

2.1 Important Notice

Prospective investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarized within it. Furthermore, before making an investment decision with respect to the Ordinary Shares, prospective investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisor and carefully review the risks associated with an investment in the Ordinary Shares. The contents of this Prospectus should not be construed as legal, business or tax advice. In making an investment decision, prospective investors must rely on their own examination, analysis and inquiry of us, including the merits and risks involved, in light of their personal circumstances.

Pursuant to Article 23 of the Prospectus Regulation, the Company is obliged to publish a supplement to this Prospectus in the event of a significant new factor, material mistake or material inaccuracy with respect to the information contained in this Prospectus which may affect the assessment of the Ordinary Shares and which arises or is noticed between the date of this Prospectus and the start of trading of the Ordinary Shares on Nasdaq Iceland.

Without prejudice to any obligation of the Company to publish a supplement to this Prospectus pursuant to the Prospectus Regulation, the delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company and its subsidiaries since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date. We do not undertake to update this Prospectus unless pursuant to Article 23 of the Prospectus Regulation. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. Prospective investors should therefore not assume that the information in this Prospectus is accurate as of any other date than the Publication Date.

There have been no interruptions in our business which may have or have had a significant effect on our financial position since September 30, 2022. In addition, save as disclosed in in Section 7.8 (*Material cash requirements for known contractual obligations and commitments*) under sub-sections "*Senior Bonds*" and "*Loans from related parties*", there has been no significant change in the financial position or performance of us and our subsidiaries taken as a whole since September 30, 2022, the date of our latest financial statements included in this Prospectus.

No representation or warranty, express or implied, is made by, or on behalf of, the Listing Agent or any of its directors, officers or employees, as to the accuracy, fairness or completeness of information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or may be relied upon as, a promise or representation by the Listing Agent or any of its directors, officers or employees, as to the past or future. Neither the Listing Agent nor any of their directors, officers, agents or employees accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Ordinary Shares. Accordingly, the Listing Agent disclaims, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Unless indicated otherwise, references to statements as to beliefs, expectations, estimates and opinions of the Company or its management refer to the beliefs, expectations, estimates and opinions of the Company's board of directors.

2.2 Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect its import. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Company are honestly held by the Company, have been reached after considering all the relevant circumstances and are based on reasonable assumptions.

2.3 Purpose of this Prospectus

This Prospectus relates to the admission to trading on the Nasdaq Iceland of 275, 721,672 Ordinary Shares. We believe that the Admission is a logical and significant next step for the Company in its development and that the timing is appropriate, given its current profile and level of maturity.

2.4 Information on the Securities

The Ordinary Shares of the Company are ordinary shares in the capital of the Company in registered global form. ISIN: LU2458332611. The Ordinary Shares are denominated in U.S. dollar, have an accounting par value of $0.01 each and do not have a term. 275,721,672 Ordinary Shares are issued and in existence at the date of this Prospectus. The Ordinary Shares have been created under Luxembourg law. The Ordinary Shares rank *pari passu* among themselves. The capital of the Company is made up of a single class of shares. There are no transfer restriction attached to the Ordinary Shares, save as set out in Section 10.3.10 (*Investor Rights and Lock-Up Agreement; earn out shares*).

We do not anticipate paying any cash dividends on our Ordinary Shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business and product candidates.

Application has been made to list and admit the Ordinary Shares (the "**Admission**") to trading on the Nasdaq Iceland under the symbol "ALVO".

2.5 Estimated Expenses

The expenses related to the Admission consist of the fees due to the CSSF and Nasdaq Iceland, as well as legal and administrative expenses, financial advisor fees, publication costs and applicable taxes, if any. The Company estimates that, the total expenses related to the Admission will amount to approximately € 0.9 million.

2.6 Admission to Trading and Listing

The Ordinary Shares are currently admitted to trading on Nasdaq First North until their admission to trading on the regulated market in Iceland operated by Nasdaq Iceland. Once the admittance of the Ordinary Shares to trading has been approved on Nasdaq Iceland, the Ordinary Shares will be delisted from Nasdaq First North as of the end of the trading and as of the following trading day the Ordinary Shares will be admitted to trading on Nasdaq Iceland Main Market. Admission to trading of the Ordinary Shares Nasdaq on Iceland Main Market is expected to be granted on or about December 5, 2022.

2.7 Presentation of Financial and Other Information

2.7.1 General

Alvotech Holdings' historical consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB and as adopted by EU ("**IFRS**"). The historical financial statements of OACB were prepared in accordance with U.S. GAAP and, for purposes of the unaudited pro forma condensed combined financial information, have been converted to IFRS on a basis consistent with the accounting policies and presentation adopted by Alvotech. The Unaudited Condensed Consolidated Interim Financial Statements as of 30 September 2022 and 2021 have been included into this Prospectus for information purposes only.

2.7.2 Accounting Treatment of the Business Combination

The Business Combination was accounted for as a capital reorganization. Under this method of accounting, OACB was treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of Alvotech Holdings issuing shares at the closing of the Business Combination for the net assets of OACB as of the Closing Date, accompanied by a recapitalization. The net assets of OACB are stated at historical cost, with no goodwill or other intangible assets recorded.

Certain of the measures included in this Prospectus may be considered non-IFRS financial measures. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in

compliance with IFRS, and non-IFRS financial measures as used by Alvotech may not be comparable to similarly titled amounts used by other companies.

Alvotech Holdings was determined to be the accounting acquirer based on the evaluation of the following facts and circumstances:

- The former owners of Alvotech Holdings hold the largest portion of voting rights in Alvotech;
- Alvotech Holdings has the right to appoint a majority of the directors of Alvotech;
- Alvotech Holdings' senior management team comprises senior management of Alvotech;
- The operations of Alvotech Holdings represent the ongoing operations of Alvotech;
- Alvotech Holdings is the larger of the combining entities based on fair value, assets, revenues and profits; and
- Alvotech assumed Alvotech Holdings' headquarters.

The Business Combination was not within the scope of IFRS 3 – Business Combinations, since OACB did not meet the definition of a business. The Business Combination was accounted for within the scope of IFRS 2 – Share-based Payments. As a result, any excess of fair value of Ordinary Shares issued over the fair value of OACB's identifiable net assets acquired represents compensation for the service of a stock exchange listing for its shares and was expensed as incurred.

2.7.3 Basis of Pro Forma Presentation

Pursuant to OACB's charter, OACB's public shareholders were offered the opportunity to redeem, upon closing of the Business Combination, OACB Class A shares held by them for cash equal to their pro rata share of the aggregate amount on deposit in the Trust Account. The unaudited pro forma condensed combined financial information reflect the actual redemption of 24,023,495 shares of OACB Class A shares at $10.00 per share.

The unaudited pro forma condensed combined financial information do not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination.

The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes only and is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination, the PIPE Financing and other related transactions taken place on the dates indicated or if the businesses had always been combined, nor is it indicative of the future consolidated results of operations or financial position of Alvotech and its consolidated subsidiaries after giving effect to the Business Combination (the "**Combined Company**"). The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of the unaudited pro forma condensed combined financial information and is subject to change as additional information becomes available and analyses are performed. Management believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information. Further, the unaudited pro forma condensed combined financial information may not be useful in predicting the future financial condition and results of operations of the Combined Company.

2.8 Market and Industry Data

This Prospectus contains estimates, projections, and other information concerning Alvotech's industry and business, as well as data regarding market research, estimates, and forecasts prepared by Alvotech's management. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. The industry in which Alvotech operates is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." Unless otherwise expressly stated, Alvotech obtained this industry, business, market, and other data from reports, research surveys, studies, and similar data prepared by market research firms and other third parties, industry and general publications, government

data, and similar sources. In some cases, Alvotech does not expressly refer to the sources from which this data is derived. In that regard, when Alvotech refers to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from sources which Alvotech paid for, sponsored, or conducted, unless otherwise expressly stated or the context otherwise requires. While Alvotech has compiled, extracted, and reproduced industry data from these sources, Alvotech has not independently verified the data. Forecasts and other forward-looking information with respect to industry, business, market, and other data are subject to the same qualifications and additional uncertainties regarding the other forward-looking statements in this prospectus.

2.9 Available Information

Copies of the following documents will, when published, be available for inspection during the validity period of this Prospectus (which is twelve months from the date of this Prospectus) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer: (i) the Issuer's up to date Articles of Association; and (ii) the Financial Statements and Interim Financial Statements. Such documents (or copies thereof) may be obtained free of charge from the Company's website *www.alvotech.com*.

2.10 Incorporation by Reference

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published by Alvotech and which shall be deemed to be incorporated in, and to form part of, this Prospectus:

- Revised Consolidated Financial Statements of Alvotech Holdings S.A. in respect of the year ended December 31, 2019 including the notes thereto and the independent auditors' report (available at: https://investors.alvotech.com/static-files/0e5b9414-053b-43ed-8879-a6f3bf7d5a78).

- Revised Consolidated Financial Statements of Alvotech Holdings S.A. in respect of the year ended December 31, 2020 including the notes thereto and the independent auditors' report (available at: https://investors.alvotech.com/static-files/1186bc60-889d-422a-adf6-64d019be1661).

The financial information incorporated by reference herein was prepared in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS).

The financial information incorporated by reference herein will be published in electronic form on the website of the Luxembourg Stock Exchange (http://www.bourse.lu).

2.10.1 Cross-reference list in relation to specific items set out in the documents which are incorporated by reference into this Prospectus:

The below references shall refer to Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Section / Item	**Description**	**Reference page(s) in the 2019 Financial Statements**	**Reference page(s) in the 2020 Financial Statements**
a)	The balance sheet	Page 9-10	Page 9-10
b)	The income statement	Page 8	Page 8

c)	Changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners	Page 12	Page 12
d)	The cash flow statement	Page 11	Page 11
e)	The accounting policies and explanatory notes	Page 13-53	Page 13-53
f)	The auditor's report	Page 4-7	Page 4-7

2.11 No Incorporation of Websites

Other than as stated in section 2.10 (*Incorporation by reference*) above, the contents of our websites and all other websites mentioned in this Prospectus, including any websites accessible from hyperlinks on our websites, do not form part of and are not incorporated by reference into this Prospectus. The information on such websites has not been scrutinized or approved by the CSSF.

2.12 Forward-Looking Statements

This Prospectus includes forward-looking statements. Forward-looking statements generally relate to future events or future financial or operating performance of the Company and may include, for example, the Company's expectations regarding capitalization through equity or debt financing, Alvotech's ability to meet the requirements for listing on the Nasdaq in Iceland, future growth, future capital and other expenditures including the development of critical infrastructure for the global healthcare markets, projections of future revenue and cash runway, competitive advantages, business prospects and opportunities including pipeline product development, future plans and intentions, results, level of activities, performance, goals or achievements or other future events, the potential approval and commercial launch of the Company's products and product candidates, the timing of the announcement of clinical study results, the commencement of patient studies, regulatory approvals and market launches, and information about the market opportunity of the Company's pipeline products. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "intend", "will", "estimate", "anticipate", "believe", "predict", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, its financial situation and results of operations or prospects of the Company to materially differ from any of those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it currently operates and will operate in the future. Important factors that could cause the Company's actual results, financial situation, results of operations or prospects to differ from those expressed in such forward-looking statements are those factors include, but are not limited to: (1) the outcome of any legal proceedings that may be instituted against the Company or others following the business combination between Alvotech Holdings S.A., Oaktree Acquisition Corp. II and Alvotech; (2) the ability to raise substantial additional funding, which may not be available on acceptable terms or at all; (3) changes in applicable laws or regulations; (4) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (5) the Company's estimates of expenses and profitability; (6) the Company's ability to develop, manufacture and commercialize the products and product candidates in its pipeline; (7) actions of regulatory authorities, which may affect the initiation, timing and progress of clinical studies or future regulatory approvals or marketing authorizations; (8) the ability of the Company or its partners to enroll and retain patients in clinical studies; (9) the ability of the Company or its partners to gain approval from regulators for planned clinical studies, study plans or sites; (10) the ability of the Company's partners to conduct, supervise and monitor existing and potential future clinical studies, which may impact development timelines and plans; (11) the Company's ability to obtain and maintain regulatory approval or authorizations of its products, including the timing or likelihood of expansion into additional markets or geographies; (12) the success of the Company's current and future collaborations, joint ventures, partnerships or licensing arrangements; (13) the Company's ability, and that of its commercial partners, to execute their commercialization strategy for approved products; (14) the Company's ability to

manufacture sufficient commercial supply of its approved products; (15) the outcome of ongoing and future litigation regarding the Company's products and product candidates; (16) the potential impact of the ongoing COVID-19 pandemic on the FDA's review timelines, including its ability to complete timely inspection of manufacturing sites; and (17) other risks and uncertainties discussed in the "*Management's Discussion and Analysis of Net Assets, Financial Condition and Result of Operations*" and "*Risk Factors*" sections and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Issuer has no obligation and has made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Prospectus, unless it is required to do so under applicable laws.

2.13 Enforceability of Judgements

The Company is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg. The assets of the Company are principally situated outside of Luxembourg. Therefore, in matters that are not subject to the jurisdiction of the Luxembourg courts, it may be difficult for investors who are not subject to the Luxembourg jurisdiction to successfully deliver to the Company any letters or judgments issued in courts outside the EU in connection with any proceedings conducted against such persons.

In Luxembourg, being a member state of the European Economic Area ("**EEA**"), Regulation (EU) No 1215/2012 of the European Parliament and of the Council of December 12, 2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("**Regulation 1215/2012**") is applied directly. Under Regulation 1215/2012, the recognition of judgments by courts of EEA member states in Luxembourg does not require any special procedure in order to be recognized. In addition, the enforcement of judgments by courts of EEA member states in Luxembourg does not require a declaration of enforceability in separate proceedings. The relevant court, at the request of the person against whom a motion was submitted for the recognition and enforcement of a judgment may refuse to recognize and enforce the judgment if any of the following occur: (i) the recognition is manifestly contrary to Luxembourg's public policy (*ordre public*); (ii) where the judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defense, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (iii) if the judgment is irreconcilable with the judgment given between the same parties in Luxembourg; (iv) if the judgment is irreconcilable with an earlier judgment given in another EEA member state or in a third state in a dispute involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in Luxembourg; or (v) if the judgment contradicts (a) Sections 3, 4 or 5 of Chapter II of Regulation 1215/2012 regarding jurisdiction over matters concerning insurance, consumer agreements or individual contracts of employment where the defendant was the policyholder, the insured, the beneficiary of the insurance contract, the injured party, a consumer or the employee; or (b) Section 6 of Chapter II of Regulation 1215/2012 regarding exclusive jurisdiction. The Company cannot give any assurance that all of the conditions for the enforcement of foreign judgments in Luxembourg will be met or that any particular judgment will be enforceable in Luxembourg.

With respect to a judgment issued by courts of a state that is not party to any relevant bilateral or multilateral treaty with Luxembourg regarding the recognition of judgments (including the UK, as a consequence of its withdrawing from the EU under Article 50 of the Treaty on European Union and the termination of the withdrawal agreement setting out the terms of the UK's exit from the European Union) and which is not a EEA member state, a judgment obtained against a Luxembourg company in such court in a dispute with respect to which the parties have validly agreed that such court is to have jurisdiction, such judgment will not be directly enforced by the courts in Luxembourg. In order to obtain a judgment that is enforceable in Luxembourg, enforcement proceedings must be initiated in Luxembourg (*exequatur*) before the Luxembourg District Court (*Tribunal d'Arrondissement*) subject to compliance with the relevant provisions of the Luxembourg New Code of Civil Procedure *(Nouveau Code de Procédure Civile)* and Luxembourg case law, being:

- the court awarding the judgment has personal and subject matter jurisdiction to adjudicate the respective matter according to its applicable laws and Luxembourg private international law rules on conflict of jurisdiction and the choice of venue was proper;
- the judgment rendered by the relevant foreign court is final and enforceable (*exécutoire*) in the jurisdiction in which the judgment was rendered;
- the foreign court awarding the judgment has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules (although based on case law and legal doctrine, it is not certain that this condition would still be required for an exequatur to be granted by a Luxembourg court);

- the judgment must have been granted in compliance with the rights of the defendant to appear in accordance with European Convention of Human Rights and European Court of Human Rights case law, and if the defendant appeared, to present its case;
- the court awarding the judgment has acted in accordance with its own procedural laws; and the decisions and considerations of the foreign order, as well as the judgment, do not contravene Luxembourg's public policy rules or have been given in proceedings of a tax or criminal nature (which would include awards of damages made under civil liability provisions of the US federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a criminal punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Typically an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law if the choice of such foreign law was not made bona fide or if (i) the foreign law was not pleaded and proved or (ii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. Also, an exequatur may be refused in respect of a foreign judgment granting punitive damages. In practice, Luxembourg courts presently tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have the power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

3. DIVIDENDS AND DIVIDEND POLICY

From the annual net profits of Alvotech, at least 5% shall each year be allocated to the reserve required by applicable laws (the "**Legal Reserve**"). That allocation to the Legal Reserve will cease to be required as soon and as long as the Legal Reserve amounts to 10% of the amount of the share capital of Alvotech. The legal reserve is not available for distribution.

We do not anticipate paying any cash dividends in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business and product candidates.

In accordance with the Luxembourg law of August 10, 1915, on commercial companies, as amended ("**Luxembourg Company Law**"), the general meeting of shareholders, by a simple majority vote and based on the recommendation of our board of directors, shall resolve how the remainder of the annual net profits, after allocation to the Legal Reserve, will be disposed of by allocating the whole or part of the remainder to a reserve or to a provision, by carrying it forward to the next following financial year or by distributing it, together with carried forward profits, distributable reserves or share premium to the shareholders, each Ordinary Share entitling to the same proportion in such distributions.

The board of directors may resolve that Alvotech pays out an interim dividend to the shareholders, subject to the conditions of article 461-3 of the Luxembourg Company Law and Alvotech's articles of association. The board of directors shall set the amount and the date of payment of the interim dividend.

Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the Luxembourg Company Law and Alvotech's articles of association.

Distributions may be lawfully declared and paid only if our net profits and/or distributable reserves are sufficient under Luxembourg Company Law.

Thus, in case of a dividend payment, each shareholder is entitled to receive a dividend right pro rata according to his or her respective shareholding. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to Alvotech's accounts. However, Alvotech does not anticipate paying cash dividends on our Ordinary shares in the foreseeable future.

A Luxembourg withholding tax of 15% is generally due on dividends and similar distributions made by us to our shareholders, unless a reduced treaty rate or the participation exemption applies. No withholding tax is levied on capital gains and liquidation proceeds. See Section 13.3 of this Prospectus for more information.

There is no law, governmental decree or regulation in Luxembourg that would affect the remittance of dividends or other distributions by us to non-resident holders of our Ordinary Shares, other than withholding tax requirements. In certain limited circumstances, the implementation and administration of international financial sanctions may affect the remittance of dividends or other distributions. There are no specified procedures for non-resident holders to claim dividends or other distributions.

We are a holding company and have no material assets other than our ownership of shares in our subsidiaries. To the extent we pay a dividend or other distribution on our Ordinary Shares in the future, we will generally cause our operating subsidiaries to make distributions to us in an amount sufficient to cover any such dividends or distributions. Our subsidiaries' ability to make distributions to us is subject to their capacity to generate sufficient earnings and cash flow, and may also be affected by statutory accounting and tax rules.

4. CAPITALIZATION AND INDEBTEDNESS

The following table sets out our consolidated capitalization and indebtedness as of September 30, 2022. The information below should be read together with the information under "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

4.1 Capitalization

As of September 30, 2022	Alvotech Holdings Historical *(in $ thousands)*
Total Current Debt	**202,481**
Thereof guaranteed	
Thereof secured	3,243
Thereof unguaranteed/unsecured	199,238
Total Non-Current Debt	757,877
Thereof guaranteed	437,627
Thereof secured	5,346
Thereof unguaranteed/unsecured	314,904
Shareholder Equity	(277,232)
Share capital	2,126
Legal reserves	-
Other reserves	(279,358)
Total Capitalization	**683,126**

Except as disclosed in Section 7.8 (*Material cash requirements for known contractual obligations and commitments*) under sub-sections "*Senior Bonds*" and "*Loans from related parties*", there have been no material changes in the capitalization and indebtedness position of Alvotech since September 30, 2022

4.2 Indebtedness

	As of September 30, 2022	Alvotech Holdings Historical *(in $ thousands)*
A	Cash	12,844
B	Cash equivalents	-
C	Other current financial assets	-
D	**Liquidity (A) + (B) + (C)**	**12,844**
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	71,513
F	Current portion of non-current financial debt	11,507
G	**Current financial indebtedness (E)+(F)**	**83,020**
H	**Net current financial indebtedness (G-D)**	**70,176**
I	Non-current financial debt (excluding current portion and debt instrument	110,090
J	Debt instruments	443,643
K	Non-Current trade and other payables	-
L	**Non-current financial indebtedness (I)+(J)+(K)**	**553,733**
M	**Total financial indebtedness (H)+(L)**	**623,909**

Except as disclosed in Section 7.8 (*Material cash requirements for known contractual obligations and commitments*) under sub-sections "*Senior Bonds*" and "*Loans from related parties*", there have been no material changes in the capitalization and indebtedness position of Alvotech since September 30, 2022

5. REGULATORY ENVIRONMENT

5.1 Government Regulation and Product Approval

Government authorities at the federal, state and local level in the United States and in other countries extensively regulate, among other things, the research, development, testing, clinical trials manufacture, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import and export of pharmaceutical products such as those we are developing. The processes for obtaining regulatory approvals in the United States and in other countries, along with subsequent obligation of compliance with applicable statutes and regulations, can vary widely and can require the expenditure of substantial time and financial resources.

5.2 FDA Approval Process

All of our current product candidates are subject to extensive pre- and post-market regulation in the United States by the FDA as biological products, or biologics. The Public Health Service Act, or PHSA, the Federal Food, Drug and Cosmetic Act, or FFDCA, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, post-approval changes, and import and export of biologics. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending Biologics License Applications, or BLAs, withdrawal of approvals or revocation or suspension of licenses, clinical holds, warning letters, product recalls, product seizures, injunctions, fines, civil penalties or criminal penalties. The PHSA and its implementing regulations provides FDA authority to immediately suspend licenses in certain situations where FDA determines that there exists a danger to health, and to promulgate and enforce regulations to prevent the introduction or spread of communicable diseases in the United States and between states.

The process required by the FDA before a new biologic may be marketed in the United States is long, expensive and inherently uncertain. In order to establish the safety, purity and potency (effectiveness) of the biologic, biologics development in the United States typically involves, among other things, pre-clinical laboratory and animal tests, the submission to the FDA of an investigational new drug application, or IND, which must become effective before U.S. clinical investigations in humans may commence, and adequate and well-controlled clinical trials to establish the safety, purity and potency of the biologic for the conditions of use for which FDA approval is sought. Developing the data to satisfy FDA approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product or disease.

Pre-clinical tests include laboratory evaluation of product chemistry, formulation and toxicology, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the pre-clinical tests must comply with federal regulations and requirements, including good laboratory practices. An IND must be submitted to the FDA to administer an investigational new drug to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human studies, although the IND must also include safety data, e.g., the results of pre-clinical testing and animal testing assessing the toxicology and pharmacology of the product along with other information, including information about product chemistry, manufacturing and controls and a proposed clinical trial protocol. Long term pre-clinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND is submitted.

An IND must become effective before United States clinical trials may begin. There is generally a 30-day waiting period after the IND submission, after which clinical investigations can begin, unless the FDA notifies the sponsor of concerns or questions related to a clinical hold. If that happens, the sponsor and the FDA must resolve the hold issue(s) before the clinical investigation can begin. Otherwise, the clinical trial proposed in the IND may begin at the conclusion of this 30-day period.

Clinical trials involve the administration of the investigational new drug to volunteers or patients all under the supervision of a qualified investigator. Clinical trials must be conducted in compliance with federal regulations on good clinical practice, or GCP, including, for example, regulations regarding the protection of human subjects, defining, the roles of clinical trial sponsors, administrators and monitors, and governing protocols detailing the objectives of the trial and, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND. Before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA may order the temporary or permanent discontinuation of a clinical trial at any if it believes that the

clinical trial either is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the clinical trial patients, among other reasons. The study protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, for approval. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements or may impose other conditions. The study sponsor may also suspend a clinical trial at any time on various grounds, including a determination that the subjects or patients are being exposed to an unacceptable health risk.

Clinical trials to support BLAs for marketing approval of a reference biologic product under the 351(a) pathway are typically conducted in three sequential phases, but the phases may overlap or be combined. In Phase 1, the biologics are initially introduced into patients or healthy human subjects and the biologic is tested to assess the safety/tolerability, pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence of effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the biologic for a particular indication, dosage tolerance and optimum dosage and to identify common adverse effects and safety risks. If a product candidate demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 clinical trials are undertaken to obtain additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites. These Phase 3 clinical trials are intended to establish data sufficient to demonstrate substantial evidence of the efficacy and safety of the product to permit the FDA to evaluate the overall benefit-risk relationship of the biologic and to provide adequate information for the labeling of the biologic. Trials conducted outside of the United States under similar, GCP-compliant conditions in accordance with local applicable laws may also be acceptable to the FDA in support of product licensing.

Sponsors of clinical trials for investigational drugs generally must publicly disclose certain clinical trial information, including detailed trial design and trial results in a public database administered by the U.S. Department of Health and Human Services. These requirements are subject to specific timelines and apply to most clinical trials of FDA-regulated products.

After completion of the required clinical testing in accordance with all applicable regulatory requirements, detailed information regarding the investigational product is prepared and submitted to the FDA in the form of a BLA requesting approval to market the product for one or more indications or conditions of use. FDA review and approval of the BLA is required before marketing of the product may begin in the United States. The BLA will include the results of pre-clinical, clinical and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture and controls and must demonstrate the continued safety, purity, and potency (efficacy) of the product based on these data.

Manufacturing controls and conformance to cGMPs are considered very important for biological products. The BLA must also contain extensive manufacturing information. The FDA will inspect the facility or the facilities at which the biologic is manufactured to ensure conformance to cGMPs. The COVID-19 pandemic has impacted the FDA's ability to complete timely inspections of manufacturing sites. FDA is using alternative tools, where available, to determine or mitigate the need for an inspection and to support the application assessment. This can include reviewing a firm's previous compliance history, using information sharing from trusted foreign regulatory partners through mutual recognition agreements and other confidentiality agreements, requesting records "in advance of or in lieu of" facility inspections or voluntarily from facilities and sites, and conducting remote interactive evaluations where appropriate.

The cost of preparing and submitting a BLA is substantial. Under federal law, the submission of most original BLAs is subject to a multi-million dollar application user fee, as well as annual fees, both of which are typically increased annually.

The FDA has agreed to certain performance goals in the review of BLAs. First, the FDA has agreed to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to enable substantive review within 60 days from its receipt of a BLA. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA's stated goal is to review most original BLA applications for standard review biologics within ten months from the date the application is accepted for filing. Although the FDA often meets its user fee performance goals, the review goal date can be extended in the event of a "major amendment," or can be extended by requests for additional information or clarification, and FDA review may not occur on a timely basis at all. Additionally, as a result of the ongoing COVID-19 pandemic, review timelines may be delayed even further.

The FDA often refers applications for novel biologics or biologics which present difficult questions of safety or efficacy, to an advisory committee — typically a panel that includes clinicians and other experts — for review, evaluation and a recommendation as to whether the application should be approved and/or specific use and approvability questions.

The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations.

The FDA reviews a BLA to determine, among other things, whether a product is safe, pure and potent and the facility in which it is manufactured, processed, packed or held meets standards designed to assure the product's continued safety, purity and potency. After the FDA evaluates the BLA, including the facilities listed in the BLA, it issues either an approval letter or a complete response letter. A complete response letter outlines the deficiencies in the submission. Remedying those deficiencies may require substantial additional testing or information in order for the FDA to consider the resubmitted application for approval. If, or when, those deficiencies have been addressed to the FDA's satisfaction such that a resubmitted BLA is approvable, the FDA will issue an approval letter. The FDA has committed to user fee goals of reviewing such resubmissions in two or six months depending on the type of information included. The FDA approval is never guaranteed, and the FDA may refuse to approve a BLA if applicable regulatory criteria are not satisfied. Additionally, while the agency may utilize alternative approaches such as records requests in lieu of inspections for certain facilities, the agency is also deferring actions (i.e., missing the goal dates) on BLAs for which they have been unable to conduct site inspections due to the COVID-19 pandemic as FDA regulations generally require a pre-approval inspection for biologics in addition to the BLA's demonstration the biologic is safe, pure and potent (effective) under the conditions of use sought. For BLAs where FDA defers action, there is no submission or communication needed by the applicant to ensure that an inspection will be scheduled to support approval.

Under the PHSA, the FDA will approve a BLA if it determines, among other things, that the product is safe, pure and potent and the facility where the product will be manufactured meets standards designed to ensure that it continues to be safe, pure and potent. An approval letter authorizes commercial marketing of the biologic with specific prescribing information for specific indications. The approval for a biologic may be significantly more limited than requested in the application, including limitations on the specific conditions of use, which could restrict the commercial value of the product. The FDA may also require that certain contraindications, warnings or precautions be included in the product labeling. In addition, under certain circumstances, the FDA may require a risk evaluation and mitigation strategy, or REMS, as a condition of approval, if necessary to ensure that the benefits of the biologic outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the biologic. Moreover, product approval may include post-marketing commitments and/or post-marketing-requirements, including, for example, pediatric studies, safety monitoring, and Phase 4 trials.

Certain types of biologics may also be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official lot release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA may also perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency and effectiveness of biological products. After approval of biologics, manufacturers must address any safety issues that arise, may be subject to recalls or a halt in manufacturing under certain circumstances, and are subject to periodic inspection after approval.

Because biologically-sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries.

5.3 Abbreviated Licensure Pathway of Biological Products as Biosimilars under 351(k)

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, amended the PHSA and created an abbreviated approval pathway for biological products shown to be highly similar to an FDA-licensed reference biological products. This pathway was established as a way to provide more treatment options, increase access to lifesaving medications, and potentially lower health care costs through competition. Under the 351(k) (biosimilar) approval pathway, an application for licensure of a biosimilar product must include information demonstrating biosimilarity based upon the following (unless a specific element is waived by FDA):

- analytical studies demonstrating that the proposed biosimilar product is highly similar to the approved product notwithstanding minor differences in clinically inactive components;

- animal studies (including the assessment of toxicity and immunogenicity); and

- a clinical study or studies (including the assessment of immunogenicity and pharmacokinetics or pharmacodynamics) that are sufficient to demonstrate safety, purity, and potency in one or more appropriate conditions of use for which the reference product is licensed and intended to be used and for which licensure is sought for the biological product.

In addition, an application submitted under the 351(k) pathway must include information demonstrating that:

- the proposed biosimilar product and reference product utilize the same mechanism of action for the condition(s) of use prescribed, recommended or suggested in the proposed labeling, but only to the extent the mechanism(s) of action are known for the reference product;

- the condition or conditions of use prescribed, recommended or suggested in the labeling for the proposed biosimilar product have been previously approved for the reference product;

- the route of administration, the dosage form and the strength of the proposed biosimilar product are the same as those for the reference product; and

- the facility in which the biological product is manufactured, processed, packed or held meets standards designed to assure that the biological product continues to be safe, pure, and potent.

Biosimilarity, as defined in PHSA §351(i), means that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components and that there are no clinically meaningful differences between the biological product and the reference product in terms of the safety, purity and potency of the product. In addition, section 351(k)(4) of the PHSA provides for a designation of "interchangeability" between the reference and biosimilar products if certain additional criteria are met, whereby the biosimilar may be substituted for the reference product without the intervention of the health care provider who prescribed the reference product. An application seeking licensure as an interchangeable must include information sufficient to demonstrate that:

- the proposed product is biosimilar to the reference product;

- the proposed product is expected to produce the same clinical result as the reference product in any given patient; and

- for a product that is administered more than once to an individual, the risk to the patient in terms of safety or diminished efficacy of alternating or switching between the biosimilar and the reference product is no greater than the risk of using the reference product without such alternation or switch.

As with other biological products, FDA approval of a BLA is required before a biosimilar may be marketed in the United States. Biosimilar BLAs (or "**351(k) BLAs**") are not required to duplicate the entirety of the data package used to establish the safety and effectiveness of the reference product. Rather, a 351(k) BLA will be approved based on a demonstration of biosimilarity to the reference product, including the information outlined above, and does not require an independent showing of safety and effectiveness. Because a biosimilar can rely in part on FDA's previous determination of safety and effectiveness for the reference product for approval, biosimilar applicants generally do not need to conduct as many clinical trials. Biosimilar products also may be approved for an indication without direct studies of the biosimilar in that indication, with sufficient scientific justification for extrapolation. However, the FDA may not approve a 351(k) BLA if there is insufficient information to show that the biosimilar is "highly similar" to the reference product or that there are no clinically meaningful differences between the biosimilar product and the reference product. In addition, as with innovator BLAs, biosimilar BLAs will not be approved unless the product is manufactured in facilities designed to assure and preserve the biological product's safety, purity and potency.

The process for filing and review of a BLA submitted through the 351(k) pathway is very similar to that of a BLA submitted through the 351(a) pathway, although there is a period of statutory exclusivity during which time the FDA is precluded from filing a 351(k) BLA that references a protected reference product. Subsequently, the FDA will accept the application for filing if it meets the regulatory criteria. The FDA may refuse to file applications that it finds are incomplete. The FDA will treat a biosimilar application or supplement as incomplete if, among other reasons, any applicable user fees assessed under the Biosimilar User Fee Act of 2012 have not been paid. In addition, the FDA may accept an application for filing but deny approval on the basis that the sponsor has not demonstrated biosimilarity, in which case the sponsor may choose to conduct further analytical, preclinical or clinical studies and resubmit the BLA to demonstrate biosimilarity under section 351(k).

The timing of final FDA approval of a biosimilar for commercial distribution depends on a variety of factors, including whether the manufacturer of the branded product is entitled to one or more statutory exclusivity periods, during

which time the FDA is prohibited from approving any products that are biosimilar to the branded product. The FDA cannot approve a biosimilar application for 12 years from the date of first licensure of the reference product. A reference product may also be entitled to exclusivity under other statutory provisions. For example, a reference product with orphan drug exclusivity for a particular orphan "disease or condition" may be entitled to seven years of exclusivity, in which case no product that is biosimilar to the reference product may be approved until either the end of the 12-year period provided under §351(k)(7), and no biosimilar may be approved for the orphan disease or condition until the end of the seven-year orphan drug exclusivity period. In certain circumstances, a regulatory exclusivity period can extend beyond the life of a patent and thus block §351(k) applications from being approved on or after the patent expiration date.

The first biological product determined to be interchangeable with a branded reference product for any condition of use is also eligible for a period of exclusivity, during which time the FDA may not determine that another product is interchangeable with the same reference product for any condition of use. This exclusivity period lasts until the earlier of: (1) one year after the first commercial marketing of the first interchangeable product; (2) 18 months after resolution of a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; (3) 42 months after approval of the first interchangeable product, if a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product is still ongoing; or (4) 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued under 42 U.S.C. § 262(l)(6).

5.4 Advertising and Promotion

The FFDCA prohibits the marketing, promotion, or advertising of an investigational drug as if it has been demonstrated to be safe and effective for the uses for which it is being studied. Once a BLA is approved, a product will be subject to continuing post-approval regulatory requirements, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse events. For instance, the FDA closely regulates the post-approval advertising, marketing and promotion of drugs, including biologics, including, for example, direct-to-consumer advertising, off-label promotion, and industry-sponsored scientific and educational activities. Violations of the FDA's requirements around advertising, marketing, and promotion of drugs can result in significant enforcement activities, including the issuance of warning letters or untitled letters, which may direct a company to correct deviations from FDA, and federal and state investigations, which can lead to civil and criminal penalties, lawsuits, and prosecutions.

As with all drugs, biologics may be marketed only as consistent with FDA-approved labeling. After approval, most changes require submission and FDA approval supplemental BLA before the change can be implemented. This includes changes to labeling or manufacturing processes (including changes to facilities), which typically require prior approval of a supplement. A supplement for a 351(a) BLA seeking to add a new indication typically requires new clinical data, and the FDA generally uses the same procedures and actions in reviewing BLA supplements with clinical data as it does in reviewing BLAs. There are also continuing reporting requirements for marketed drug products.

5.5 Adverse Event Reporting and GMP Compliance

In addition to regular periodic reports following FDA approval of a BLA and compliance with any post-marketing commitments or post-marketing requirements, license-holders also must comply with adverse event reporting requirements and must continue to conform to cGMPs, as described above. Manufacture, packaging, labeling, storage, and distribution procedures must continue to conform to cGMP after approval, and FDA conducts periodic surveillance inspections intended to ensure such ongoing compliance. Biologics manufacturers and their manufacturing subcontractors are generally required to register their establishments with the FDA and certain state agencies. Accordingly, manufacturers must continue to expend time, money, and effort in the areas of production and quality control to maintain compliance with cGMP.

Post-approval discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency or issues with manufacturing processes or cGMP compliance, or other failures to comply with regulatory requirements, may lead the FDA to, for example:

- require revisions to approved labeling to add new safety information;
- require post-market studies to assess new safety risks;

- issue fines, warning letters, or untitled letters;
- place post-approval clinical trials on hold;
- detain or refusal to permit the import or export of products; or
- seek injunctions, civil forfeiture, civil money penalties, or other civil relief; or
- seek criminal penalties or prosecution.

Under certain circumstances, FDA may initiate proceedings to suspend or revoke a license or recall the product from the market.

5.6 Other Healthcare Laws and Compliance Requirements

Although we currently do not have any products on the market or engage with any licensed health care providers in the United States, our current and future business operations are subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which we conduct our business. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physician sunshine laws and regulations.

The federal Anti-Kickback Statute ("**AKS**") prohibits any individual or entity from knowingly and willfully offering or paying "remuneration," directly or indirectly, overtly or covertly, in cash or in kind to induce another individual or entity to: (a) refer an individual to a person for the furnishing (or arranging for the furnishing) of any item or service for which payment may be made under a federal health care program; (b) purchase or order any covered item or service; (c) arrange for the purchase or order of any covered item or service; or (d) recommend the purchase or order of any covered item or service. It also is illegal under the Anti-Kickback Statute to solicit or receive remuneration for such purposes. "Remuneration" is generally defined to include any transfer of value, in cash or in kind, including gifts or free product, meals, discounts, rebates, and other price concessions. Courts have broadly construed the AKS to include virtually anything of value given to an individual or entity if one purpose of the remuneration is to influence the recipient's reason or judgment relating to referrals.

There are statutory exceptions and regulatory safe harbors specifying certain payment practices that will not be considered to violate the AKS. Such exceptions and safe harbors include, among others, protection for payments for personal services and management contracts, and for certain discounts. If a payment practice falls squarely within one of the exceptions or safe harbors, it will be immune from criminal prosecution and civil exclusion under the AKS. Importantly, the failure of an arrangement to fall within a statutory exception or regulatory safe harbor does not mean that it necessarily violates the AKS; however, the legality of such arrangements may be closely scrutinized by federal authorities on a facts and circumstances basis and are not protected.

Additionally, states have enacted similar kickback statutes that may apply to healthcare services reimbursed by private insurance, not just those reimbursed by a federal or state health care program. The specific scope of these laws vary. However, in many instances, activities that are protected from scrutiny under the federal statute would not violate the state statutes.

Further, pursuant to changes made under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "**ACA**") any claims submitted to Medicare or Medicaid as a result of an illegal kickback constitutes a false or fraudulent claims under the federal False Claims Act ("**FCA**"). Additionally, the ACA amended the intent requirement of the AKS so that a person or entity no longer needs to have actual knowledge of the AKS, or the specific intent to violate it, to have violated the statute.

The civil false claims laws, including the FCA, prohibits, among other things, knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the U.S. government. Actions under the FCA may be brought by the government or as a qui tam action by a private individual in the name of the government. Government enforcement agencies and private whistleblowers have investigated pharmaceutical companies for or asserted liability under the FCA for a variety of alleged promotional and marketing activities, such as providing free products to customers with the expectation that the customers would bill federal programs for the products; providing consulting fees and other benefits to physicians to induce them to prescribe products; and engaging in promotion for unapproved uses. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial

resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

The federal Health insurance Portability and Accountability Act of 1996 ("**HIPAA**") created additional federal criminal statutes that prohibits, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of whether the payor is public or private, knowingly and willfully embezzling or stealing from a health care benefit program, willfully obstructing a criminal investigation of a health care offense and knowingly and willfully falsifying, concealing or covering up by any trick, scheme or device a material fact or making any materially false, fictitious or fraudulent statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Additionally, the ACA amended the intent requirement of some of these criminal statutes under HIPAA so that a person or entity no longer needs to have actual knowledge of the statute, or the specific intent to violate it, to have committed a violation.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. For instance, the federal Physician Payments Sunshine Act ("**Sunshine Act**") requires certain manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with specified exceptions) to report annually information related to specified payments or other transfers of value provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals and to report annually specified ownership and investment interests held by physicians and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report such information regarding its payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year.

In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act ("**HITECH**") and their implementing regulations, impose requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates, defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions.

Many states have also adopted laws similar to each of the above federal laws, which may be broader in scope and apply to items or services reimbursed by any third-party payor, including commercial insurers. We may also be subject to state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and/or state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and pricing information, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The shifting commercial compliance environment and the need to build and maintain robust systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may violate one or more of the requirements. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to significant penalties, including, without limitation, administrative, civil, and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of our operations, exclusion from participation in federal and state healthcare programs and imprisonment.

5.7 International Regulation

In addition to regulations in the United States, a variety of foreign regulations govern clinical trials, marketing authorization procedures and commercial sales and distribution of pharmaceutical products. The approval process varies from country to country and the time to approval may be longer or shorter than that required for FDA approval. In the European Union, the approval of a biosimilar for marketing is based on an opinion issued by the European Medicines

Agency and a related decision issued by the European Commission. However, the subsequent substitutability of a biosimilar for the innovator product is a decision that is made at the national level on a country-by-country basis in individual EU Member States. Other regions, including Canada, Japan and Korea, also have their own regulatory pathways governing the approval and marketing of biosimilars. Some third countries (such as Singapore and Malaysia) have adopted EU guidance. Other countries (such as (Cuba and Brazil) follow guidance issued by the World Health Organization. While there are some similarities between the regulatory requirements across regions, some areas of substantial difference remain.

5.8 Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and other countries, sales of our products will depend on the availability and extent of coverage and reimbursement from third-party payors, including government healthcare programs and private insurance plans. Patients who are provided medical treatment for their conditions generally rely on third party payors to reimburse all or part of the costs associated with their treatment. Coverage and adequate reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors are critical to new product acceptance. Governments and private payors continue to pursue initiatives to manage drug utilization and contain costs. These payors are increasingly focused on the effectiveness, benefits, and costs of similar treatments, which could result in lower reimbursement rates for our products or narrower populations for whom payors will reimburse. Continued intense public scrutiny of the price of drugs and other healthcare costs, together with payor dynamics, have limited, and are likely to continue to limit, our ability to set or adjust the price of our products based on their value, which could adversely affect on our business.

In the United States, no uniform product coverage and reimbursement policy exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor can be a time-consuming and costly process that can require provision of supporting scientific, clinical and cost-effectiveness data, with no assurance that coverage or specific levels of reimbursement will be obtained. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of products and services in addition to their safety and efficacy. Accordingly, significant uncertainty exists as to the reimbursement status of newly approved products.

Both private and government payors use formularies to manage access and utilization of drugs. A drug's inclusion and favorable positioning on a formulary are essential to ensure patients have access to a particular drug. Even when access is available, some patients abandon their prescriptions for economic reasons. Third-party payors continue to institute cost reduction and containment measures that lower drug utilization and/or spending altogether and/or shift a greater portion of the costs to patients. Such measures include, but are not limited to, more-limited benefit plan designs, higher patient co-pays or coinsurance obligations, limitations on patients' use of commercial manufacturer co-pay payment assistance programs (including through co-pay accumulator adjustment or maximization programs), stricter utilization management criteria before a patient may get access to a drug, higher-tier formulary placement that increases the level of patient out-of-pocket costs and formulary exclusion, which effectively encourages patients and providers to seek alternative treatments or pay 100% of the cost of a drug. The use of such measures by pharmacy benefit managers ("**PBMs**") and insurers has continued to intensify and could limit use and sales of our products.

Over the past few years, many PBMs and insurers have consolidated, resulting in a smaller number of PBMs and insurers overseeing a large portion of total covered lives in the United States. As a result, PBMs and insurers have greater market power and negotiating leverage to mandate stricter utilization criteria and/or exclude drugs from their formularies in favor of competitor drugs or alternative treatments. In highly competitive treatment markets, PBMs are also able to exert negotiating leverage by requiring incremental rebates from manufacturers in order for them to gain and/or maintain their formulary position. Moreover, third-party coverage policies and reimbursement rates are dynamic, meaning that our products could be subject to less favorable coverage policies and/or reimbursement rates over time, making prospective reimbursement and coverage status of our products difficult to predict.

5.9 Healthcare Reform

Like third-party payors, the U.S. federal government, state legislatures and foreign governments have continually implemented cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for generic substitution. For example, the IRA, among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in PPACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount program. State laws may

permit or require substitution of interchangeable products, too, when approved interchangeable products are available in the future. Adoption of price controls and cost-containment measures and adoption of more restrictive policies in jurisdictions with existing controls and measures could further limit our net revenue and results. Decreases in third-party reimbursement for our products or decisions by certain third-party payors to not cover specific products, or implement coverage restrictions (e.g. prior authorization, step-edit requirements) could reduce provider utilization and have a material adverse effect on sales, results of operations and financial condition.

In the United States and some other countries, particularly over the past few years, a number of legislative and regulatory proposals have been introduced in an attempt to lower drug prices and restrict or regulate post-approval activities.

In the United States, in addition to market actions taken by private and government payors, there has been heightened government, media, and public scrutiny over the manner in which drug manufacturers set prices for their marketed products, resulting in several presidential executive orders, Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for pharmaceutical products. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S. Department of Health and Human Services ("**HHS**") released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. In addition, the IRA directs the HHS Secretary to establish a Drug Price Negotiation Program to lower prices for certain high-expenditure, single-source prescription drugs and biologics covered under Medicare Part B and Part D that have been approved by the FDA for at least 7 years for prescription drugs and at least 11 years for biologics. Under the Program, the HHS Secretary will publish a list of "selected drugs," and will then negotiate maximum fair prices with their manufacturers. The Program will be implemented in stages. Beginning in 2026, 10 Medicare Part D "selected drugs" will be subject to price negotiations. By 2029, and in subsequent years thereafter, the number will increase to 20 drugs and biologics covered under Medicare Part B and Part D. Agreements between HHS and manufacturers will remain in place until a drug or biologic is no longer considered a "selected drug" for negotiation purposes. Manufacturers who do not comply with the negotiated prices set under the Program will be subject to an excise tax based on a percentage of total sales of a "selected drug" up to 95% and potential civil monetary penalties. Further, beginning in October 2023, the IRA will require manufacturers that increase prices of certain Medicare Part B and Part D drugs or biologics at a rate greater than inflation to pay rebates to CMS or be subject to civil monetary penalties. The IRA also provides certain incentives for the development and manufacture of biosimilars. For example, the Secretary can grant a one-year delay from price negotiations for biosimilars that have a "high likelihood" of a competing biosimilar product entering the market within the requested delay period. In addition, certain Part B biosimilars qualify for an increase in Medicare payments, to 8% of the 5-year Average Sales Price, from 6% under current law. The HHS Secretary has been directed to promulgate regulations to implement the Program and other IRA health reform measures. In this dynamic environment, we are unable to predict which or how many government policy, legislative, regulatory, executive or administrative changes may ultimately be, or effectively estimate the consequences to our business if, enacted and implemented. However, to the extent that these or other federal government initiatives further decrease or modify the coverage or reimbursement available for our products, require that we pay increased rebates or shift other costs to us, limit or affect our decisions regarding the pricing of or otherwise reduce the use of our products, or limit our ability to offer co-pay payment assistance to commercial patients, such actions could have a material adverse effect on our business and results of operations. Individual states have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

In many countries outside the United States, government-sponsored healthcare systems are the primary payors for drugs. With increasing budgetary constraints and/or difficulty in understanding the value of medicines, governments and payors in many countries are applying a variety of measures to exert downward price pressure. These measures can include mandatory price controls; price referencing; therapeutic-reference pricing; increases in mandates; incentives for generic substitution and biosimilar usage and government-mandated price cuts. In this regard, many countries have health technology assessment agencies that use formal economic metrics such as cost-effectiveness to determine prices, coverage and reimbursement of new therapies; and these agencies are expanding in both established and emerging markets. Many countries also limit coverage to populations narrower than those specified on our product labels or impose

volume caps to limit utilization. We expect that countries will continue taking aggressive actions to seek to reduce expenditures on drugs. Similarly, fiscal constraints may also affect the extent to which countries are willing to approve new and innovative therapies and/or allow access to new technologies.

6. PRO-FORMA FINANCIAL INFORMATION

6.1 Pro Forma Financial Information

6.1.1 Introduction

The following pro forma condensed combined financial information has been prepared in accordance with the principles described in the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 (*Pro Forma Information*) and is provided to aid you in your analysis of the financial aspects of the Business Combination, the PIPE Financing and other related transactions, including the combination of the financial information of OACB and Alvotech Holdings after giving effect to the Business Combination, the PIPE Financing and other related transactions.

The following pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 combines the historical statement of operations of OACB and the historical consolidated statement of profit or loss of Alvotech Holdings, giving effect to the Business Combination, the PIPE Financing and other related transactions as if they had been consummated on January 1, 2021.

The pro forma condensed combined financial information has been prepared for illustrative purposes only and is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination, the PIPE Financing and other related transactions taken place on the dates indicated or if the businesses had always been combined, nor is it indicative of the future consolidated results of operations or financial position of the Combined Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The pro forma adjustments represent management's estimates based on information available as of the date of the pro forma condensed combined financial information and is subject to change as additional information becomes available and analyses are performed. Management believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma condensed combined financial information. Further, the pro forma condensed combined financial information may not be useful in predicting the future financial condition and results of operations of the Combined Company.

The pro forma condensed combined financial information has been derived from and should be read in conjunction with Alvotech Holdings' and OACB's financial statements and related notes.

6.1.2 Description of the Transaction

On June 15, 2022, Alvotech closed the Business Combination with OACB and Alvotech Holdings, pursuant to the Business Combination Agreement dated December 7, 2021. The closing of the Business Combination resulted in the following transactions:

- OACB merged with and into Alvotech, whereby (i) all of the outstanding OACB ordinary shares were exchanged for ordinary shares on a one-for-one basis, pursuant to a share capital increase of Alvotech and (ii) all of the outstanding OACB Warrants 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;
- 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 merged with and into Alvotech, whereby all outstanding Alvotech Holdings ordinary shares were exchanged for ordinary shares, pursuant to a share capital increase of Alvotech, with Alvotech as the surviving company in the merger.

On June 15, 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

$10.00 per share for an aggregate subscription price equal to approximately $174.9 million.

In advance of the closing of the Business Combination and following the redemption of OACB Class A Ordinary Shares as further described below, Alvotech has secured a Standby Purchase Agreement facility from YA II PN, Ltd ("**Yorkville**") for up to $150 million. The Yorkville facility is intended to at least partially replace redemptions by OACB shareholders that occurred as part of the Business Combination.

6.1.3 Accounting Treatment

The Business Combination was accounted for as a capital reorganization. Under this method of accounting, OACB was treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of Alvotech Holdings issuing shares at the closing of the Business Combination for the net assets of OACB as of the closing date, accompanied by a recapitalization. The net assets of OACB were stated at historical cost, with no goodwill or other intangible assets recorded.

Alvotech Holdings was determined to be the accounting acquirer based on the following facts and circumstances:

- The former owners of Alvotech Holdings hold the largest portion of voting rights in Alvotech;
- Alvotech Holdings has the right to appoint a majority of the directors in Alvotech;
- Alvotech Holdings' existing senior management team comprises senior management of Alvotech;
- The operations of Alvotech Holdings represent the ongoing operations of Alvotech;
- Alvotech Holdings is the larger of the combining entities based on fair value, assets, revenues and profits; and
- Alvotech assumed Alvotech Holdings' headquarters.

The Business Combination was not within the scope of IFRS 3 – Business Combinations, since OACB does not meet the definition of a business. The Business Combination was accounted for within the scope of IFRS 2 – Share-based Payments. As a result, any excess of fair value of ordinary shares issued over the fair value of OACB's identifiable net assets acquired represents compensation for the service of a stock exchange listing for its shares and is expensed as incurred.

6.1.4 Basis of Pro Forma Presentation

Pursuant to OACB's charter, OACB's public shareholders were offered the opportunity to redeem, upon closing of the Business Combination, OACB Class A ordinary shares held by them for cash equal to their pro rata share of the aggregate amount on deposit in the Trust Account. The pro forma condensed combined financial information reflect the actual redemption of 24,023,495 shares of OACB Class A ordinary shares at $10.00 per share.

The pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination.

The following summarized the number of ordinary shares outstanding immediately after the Closing Date:

Shareholders	**Ownership in Shares**	**%**
Alvotech shareholders (1)	218,930,000	90%
OACB shareholders	976,505	1%
Sponsor (2)	6,250,000	2%
PIPE investors	17,493,000	7%
Total (3)	243,649,505	

(1) Includes 38,330,000 of Seller Earn Out Shares. Refer to tickmark (N) in the transaction accounting adjustments section for additional details. Excludes the TopCo ordinary shares issued for the settlement of the SARs (as defined below). Refer to tickmark (I) in the transaction accounting adjustments section for additional details.

(2) Includes 1,250,000 of Sponsor Earn Out Shares. Refer to tickmark (O) in the transaction accounting adjustments section for additional details.

(3) Does not include the 27,072,167 ordinary shares issued on July 4 2022 and held in treasury by Alvotech's subsidiary, Alvotech Manco ehf.

6.1.5 Pro Forma Condensed Combined Statement of Financial Position

	Alvotech (IFRS, Historical)	OACB (US GAAP, Historical)	IFRS conversion and presentation alignment (Note 3)	Transaction Accounting Adjustments		Pro Forma Combined
Non-current assets						
Property, plant and equipment, net	$ 78,530	$ —	$ —	$ —		$ 78,530
Right-of-use assets	126,801	—	—	—		126,801
Goodwill	12,367	—	—	—		12,367
Other intangible assets	21,509	—	—	—		21,509
Contract assets	1,479	—	—	—		1,479
Investment in joint venture	55,307	—	—	—		55,307
Other long-term assets	1,663	—	—	—		1,663
Restricted cash	10,087	—	—	14,913	**Q**	25,000
Deferred tax assets	170,418	—	—	—		170,418
Investments held in Trust Account	—	250,034	—	(240,235)	**A**	—
				(9,799)	**B**	
Total non-current assets	478,161	250,034	—	(235,121)		493,074
Current assets						
Inventories	39,058	—	—	—		39,058
Trade receivables	29,396	—	—	—		29,396
Contract assets	17,959	—	—	—		17,959
Other receivables	14,736	—	100	—		14,836
Receivables from related parties	1,111	—	—	—		1,111
Cash and cash equivalents	17,556	587	—	9,799	**B**	252,699
				174,930	**C**	
				(5,930)	**D**	
				(37,830)	**E**	
				50,000	**F**	
				40,000	**G**	
				20,000	**H**	
				(1,500)	**I**	
				(14,913)	**Q**	
Prepaid expenses	—	100	(100)	—		—
Total current assets	119,816	687	—	234,556		355,059
Total assets	$ 597,977	$ 250,721	$ —	$ (565)		$ 848,133
Commitments and contingencies						
Class A ordinary shares subject to possible redemption	$ —	$ 250,000	$ (250,000)	$ —		$ —
Equity						—
Share capital	135	—	—	175	**C**	2,026
				35	**I**	
				10	**J**	
				1,671	**K**	

	Alvotech (IFRS, Historical)	OACB (US GAAP, Historical)	IFRS conversion and presentation alignment (Note 3)	Transaction Accounting Adjustments		Pro Forma Combined
Share premium	1,000,118	—	—	174,755	C	1,029,379
				2,920	D	
				(5,560)	E	
				30,267	I	
				9,756	J	
				(1,671)	K	
				(31,869)	L	
				87,263	M	
				(227,500)	N	
				(9,100)	O	
Class A ordinary shares	—	—	—	—		—
Class B ordinary shares	—	1	—	(1)	J	—
Translation reserve	4,669	—	—	—		4,669
Additional paid-in capital	—	—	—	—		—
Accumulated deficit	(1,140,534)	(25,079)	—	(25,078)	E	(1,249,201)
				4,211	I	
				31,869	L	
				(87,263)	M	
				(2,327)	P	
				(5,000)	Q	
Total equity	(135,612)	(25,078)	—	(52,437)		(213,127)
Non-current liabilities						
Borrowings	398,140	—	—	—		398,140
Derivative financial liabilities	—	—	11,571	227,500	N	248,171
				9,100	O	
Other long-term liability to related party	7,440	—	—	—		7,440
Lease liabilities	114,845	—	—	—		114,845
Long-term incentive plan	56,334	—	—	(36,013)	I	20,321
Contract liabilities	44,844	—	—	—		44,844
Deferred tax liability	150	—	—	—		150
Deferred legal fees	—	100	—	(100)	D	—
Deferred underwriting commissions	—	8,750	—	(8,750)	D	—
Derivative warrant liabilities	—	11,571	(11,571)	—		—
Class A ordinary shares subject to redemption	—	—	250,000	(240,235)	A	—
				(9,765)	J	
Total non-current liabilities	621,753	20,421	250,000	(58,263)		833,911

	Alvotech (IFRS, Historical)	OACB (US GAAP, Historical)	IFRS conversion and presentation alignment (Note 3)	Transaction Accounting Adjustments		Pro Forma Combined
Current liabilities						
Trade and other payables	28,587	—	233	(1,860)	**E**	26,960
Lease liabilities	7,295	—	—	—		7,295
Current maturities of borrowings	2,771	—	—	—		2,771
Liabilities to related parties	638	—	360	50,000	**F**	110,998
				40,000	**G**	
				20,000	**H**	
Contract liabilities	29,692	—	—	—		29,692
Taxes payable	841	—	—	—		841
Other current liabilities	42,012	—	4,785	(5,332)	**E**	48,792
		—		2,327	**P**	
				5,000	**Q**	
Accounts payable	—	233	(233)	—		—
Accrued expenses	—	4,785	(4,785)	—		—
Accrued expenses-related party	—	241	(241)	—		—
Advance from related party	—	119	(119)	—		—
Total current liabilities	111,836	5,378	—	110,135		227,349
Total liabilities	733,589	25,799	250,000	51,872		1,061,260
Total equity and liabilities	$597,977	$ 250,721	$ —	$ (565)		$ 848,133

6.1.6 Pro Forma Condensed Combined Statement of Profit or Loss For the Year Ended December 31, 2021

(In thousands, except per share data)

	Year Ended December 31, 2021 Alvotech (IFRS, Historical)	Year Ended December 31, 2021 OACB (US GAAP, Historical)	IFRS conversion and presentation alignment (Note 3)	Transaction Accounting Adjustments		Pro Forma Combined
Revenue	$ 36,772	$ —	$ —	$ —		$ 36,772
Other income	2,912	—	—	4,723	**T**	7,635
Research and development expenses	(191,006)	—	—	—		(191,006)
General and administrative expenses	(84,134)	(5,862)	—	(25,078)	**R**	(202,849)
				(87,263)	**S**	
				(512)	**T**	
Operating loss	(235,456)	(5,862)	—	(108,130)		(349,448)
Share of net loss of joint venture	(2,418)	—	—	—		(2,418)
Finance income	51,568	—	9,854	(52)	**U**	61,370
Finance costs	(117,361)	—	—	40,215	**V**	(74,130)
				(2,327)	**W**	
				10,343	**X**	
				(5,000)	**Y**	
Exchange rate differences	2,681	—	—	—		2,681
Gain on extinguishment of financial liabilities	151,788	—	—	—		151,788
Unrealized gain on investments held in Trust Account	—	52	(52)	—		—
Change in fair value of derivative warrant liabilities	—	9,802	(9,802)	—		—
Non-operating profit	86,258	9,854	—	43,179		139,291
(Loss) / profit before taxes	(149,198)	3,992	—	(64,951)		(210,157)
Income tax credit	47,694	—	—	—		47,694
(Loss) / profit for the year	$ (101,504)	$ 3,992	$ —	$ (64,951)		$ (162,463)
Basic and diluted net loss per share–basic and diluted	$ (12.29)					
Basic and diluted net income per share, Class A ordinary shares		$ 0.13				

Basic and diluted net income per share, Class B ordinary shares	$ 0.13	
Pro Forma weighted average ordinary shares outstanding–basic and diluted		204,069,505
Pro Forma net loss per share–basic and diluted		$ (0.67)

6.1.7 Notes to the Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of the presentation

The unaudited pro forma condensed combined statement of financial position as of December 31, 2021, assumes that the Business Combination, the PIPE Financing and other related transactions occurred on December 31, 2021. The unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021, presents the pro forma effect of the Business Combination, the PIPE Financing and other related transactions as if they had been completed on January 1, 2021. This period is presented on the basis that Alvotech Holdings is the accounting acquirer.

The historical financial information of Alvotech Holdings was derived from Alvotech Holdings' consolidated financial statements as of and for the year ended December 31, 2021, included in the this Prospectus. The historical financial information of OACB was derived from OACB's financial statements as of and for the year ended December 31, 2021, included in this Prospectus. This information should be read together with Alvotech Holdings' and OACB's financial statements and related notes, as applicable, and the section titled *"Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations,"* and other financial information in this prospectus.

Alvotech Holdings' historical consolidated financial statements are prepared in accordance with IFRS. The historical financial statements of OACB were prepared in accordance with U.S. GAAP and, for purposes of the unaudited pro forma condensed combined financial information, have been converted to IFRS on a basis consistent with the accounting policies and presentation adopted by Alvotech Holdings.

The adjustments presented in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary for an understanding of Alvotech upon consummation of the Business Combination, the PIPE Financing and other related transactions. The pro forma adjustments reflecting the consummation of the Business Combination, the PIPE Financing and other related transactions are based on certain currently available information and certain assumptions and methodologies that Alvotech believes are reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments, and it is possible that the difference may be material. Alvotech management believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination, the PIPE Financing and related transactions based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not include any adjustments for new equity incentive plans since no grants have been approved under such plans. Compensation expense and the associated liabilities pursuant to Alvotech's long-term incentive plans are included within Alvotech Holdings' historical financial results, and pro forma adjustments have been made related to the settlement of certain long-term incentive plans as further described below.

The unaudited pro forma condensed combined financial information does not include any adjustments for the Yorkville SEPA Facility since no issuances of ordinary shares were made pursuant to this facility as of the Closing.

2. Conversion and Reclassification of OACB's Financial Statements

The historical financial information of OACB has been adjusted to give effect to the differences between U.S. GAAP and IFRS for the purposes of the unaudited pro forma condensed combined financial information. The only adjustment required to convert OACB's financial statements from U.S. GAAP to IFRS for purposes of the unaudited pro forma condensed combined financial information was to reclassify OACB Class A ordinary shares subject to redemption to non-current financial liabilities under IFRS 2.

Further, as part of the preparation of the unaudited pro forma condensed combined financial information, certain reclassifications were made to align OACB's historical financial information in accordance with the presentation of Alvotech's historical financial information.

3. Adjustments to Unaudited Pro Forma Condensed Combined Statement of Financial Position as of December 31, 2021

The Transaction Accounting Adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows (unless stated otherwise, such adjustments are non-recurring adjustments and are not expected to have continuing impact on the combined company):

A. Reflects the actual redemption of 24,023,495 OACB Class A ordinary shares at a redemption price of $10.00 per share for aggregate redemption payments of $240.2 million from investments held in the Trust Account.

B. Reflects the liquidation and reclassification of $9.8 million of investments held in the Trust Account to cash and cash equivalents, after recording actual redemptions of OACB Class A ordinary shares as discussed in (A) above.

C. Represents the proceeds of approximately $174.9 million from the issuance and sale of 17,493,000 ordinary shares at $10.00 per share pursuant to the terms of the PIPE Financing.

D. Reflects the settlement of deferred underwriting commissions and deferred legal fees, both of which are OACB liabilities to be paid by Alvotech upon the closing of the Business Combination. The liabilities were settled for $5.9 million, resulting in a $2.9 million increase in share premium.

E. Represents the transaction costs incurred by OACB and Alvotech Holdings of approximately $16.8 million and $30.7 million, respectively, for advisory, banking, printing, legal, and accounting fees incurred as part of the Business Combination.

For the OACB transaction costs, $4.2 million of these fees have been accrued and $0.2 million have been paid as of the pro forma balance sheet date. $5.6 million represent equity issuance costs capitalized in share premium related to the PIPE Financing. The remaining amount of $6.8 million is reflected as an adjustment to accumulated deficit and is reflected in the unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 as discussed in (R) below. The OACB estimated transaction costs excludes the deferred underwriting commissions included in (D) above.

For the Alvotech Holdings transaction costs, $3.0 million of these fees have been accrued and $9.4 million have been paid as of the pro forma balance sheet date. The remaining amount of $18.3 million is included as an adjustment to accumulated deficit and is reflected in the unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 as discussed in (R) below.

F. Represents the $50.0 million of funding provided by Alvogen and Aztiq in the form of an interest-free advance which is due 30 days after the Closing Date.

G. Represents the $40.0 million of funding available under the Alvogen Bridge Loan, bearing an interest rate of 10% per annum. The loan is drawable in two separate installments of $20.0 million each. Each drawdown is subject to Alvogen approval. Repayment by Alvotech of amounts drawn under the Alvogen Bridge Loan is due within 30 days of the Closing Date. Such adjustment, being recurring, may have a continuing impact on the combined company.

H. Represents the $20.0 million of funding provided by Alvogen pursuant to a loan agreement entered into on June 1, 2022. The loan bears an interest rate of 10% per annum and is due within 30 days of the Closing Date. Such adjustment, being recurring, may have a continuing impact on the combined company.

I. Represents the settlement of the share appreciation rights ("**SARs**") previously awarded to certain

current and former employees of Alvotech in connection with the closing of the Business Combination, as follows:

- two former employees will receive a fixed number of ordinary shares to be issued one year after the Closing;
- one former employee will receive a cash payment at Closing;
- one current employee can elect to receive a cash payment or a fixed number of ordinary shares to be issued one year after the Closing.

In accordance with IFRS 2, the transactions with the two former employees that will receive a fixed number of ordinary shares were accounted for as a modification of a share-based payment transaction that changes the award's classification from cash-settled to equity-settled. The settlement with the former employee that received a cash payment at closing is presented as a decrease in both the long-term incentive plan liability and cash and cash equivalents in the unaudited pro forma condensed combined statement of financial position. The obligation for the current employee that may receive either a cash payment or a fixed number of ordinary shares continues to be presented as liability on the unaudited pro forma condensed combined statement of financial position.

The transactions resulted in a $36.0 million decrease in the long-term incentive plan liability, and subsequent $1.5 million decrease in cash, a $30.3 million increase in equity and a $4.2 million decrease in accumulated deficit as a result of settling the SARs with these current and former employees. Refer to (T) below for the impact of these transactions to the unaudited pro forma condensed combined statement of profit or loss.

J. Represents the exchange of 976,505 OACB Class A Ordinary Shares and 5,000,000 OACB Class B Ordinary Shares into 5,976,505 TopCo ordinary shares.

K. Represents the exchange of 13,386,098 Alvotech Holdings Class A ordinary shares and 95,701 Alvotech Holdings Class B Shares into 180,600,000 ordinary shares and 38,330,000 Seller Earn Out Shares as described in (N) below.

L. Represents the elimination of OACB's historical accumulated deficit after recording the transaction costs to be incurred by OACB as described in (E) above.

M. Represents the expense recognized, in accordance with IFRS 2, for the excess of the fair value of ordinary shares issued and the fair value of OACB's identifiable net liabilities at the date of the Business Combination, resulting in a $87.3 million increase to accumulated deficit. The fair value of shares issued was estimated based on a market price of $9.38 per share (as of June 15, 2022). The fair value of shares issued includes the shares to be issued under the Sponsor Letter Agreement, which includes shares to be issued to the Initial Shareholders of OACB if future volume-weighted average price targets of ordinary shares are met in a specified time period.

	Shares	(in 000s)
OACB Shareholders		
Class A shareholders	976,505	
Class B shareholders	5,000,000	
Sponsor Earn Out Shares	1,250,000	
Total TopCo Shares issued to OACB shareholders	**7,226,505**	
Fair value of Shares issued to OACB as of June 15, 2022		$ 56,060
Fair Value of Sponsor Earn Out Shares issued to OACB as of June 15, 2022		9,100
Estimated market value		65,160
Net assets of OACB as of December 31, 2021		224,922
Less: OACB transaction costs		(6,790)
Less: Effect of redemption of 24,023,495 OACB Class A ordinary shares		(240,235)

Adjusted net liabilities of OACB as of December 31, 2021	(22,103)
Difference - being IFRS 2 charge for listing services	**$ 87,263**

N. Represents 38,330,000 ordinary shares to be issued to the Alvotech Holdings Shareholders (the "**Seller Earn Out Shares**") at the Second Merger Effective Time. One half of the Seller Earn Out Shares will vest if, at any time during the five years following the closing of the Business Combination, the Ordinary Share price is at or above a volume weighted average price ("**VWAP**") of $15.00 per share for any ten trading days within any twenty trading day period, with the other half vesting at a VWAP of $20.00 per share for any ten trading days within any twenty trading day period. The Seller Earn Out Shares are accounted for as liabilities in accordance with IAS 32 and will be subject to ongoing mark-to-market adjustments through the statement of profit or loss. Such adjustment, being recurring, may have a continuing impact on the combined company.

O. Represents 1,250,000 ordinary shares issued to the Sponsor (the "**Sponsor Earn Out Shares**") at the First Merger Effective Time. One half of the Sponsor Earn Out Shares will vest if, at any time during the five years following the closing of the Business Combination, the ordinary Share price is at or above a VWAP of $12.50 per share for any ten trading days within any twenty trading day period, with the other half vesting at a VWAP of $15.00 per share. The Sponsor Earn Out Shares are accounted for as liabilities in accordance with IAS 32 and will be subject to ongoing mark-to-market adjustments through the statement of profit or loss. Such adjustment, being recurring, may have a continuing impact on the combined company.

P. Reflects the accrual of waiver fees to be paid by Alvotech to certain bondholders who waived their right to exercise an option whereby Alvogen, a related party, would be required to purchase their interest in the Company.

Q. Reflects the following transactions in connection with the amended bond agreement:

- the reclassification of $14.9 million of cash to restricted cash due to Alvotech's requirement to maintain a minimum of $25.0 million of restricted cash in a separate liquidity account; and
- the recognition of a $5.0 million consenting fee payable to the bondholders.

4. Adjustments to Unaudited Pro Forma Condensed Combined Statement of Profit or Loss for the Year Ended December 31, 2021

The Transaction Accounting Adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

R. To reflect the recognition of transaction costs, as described in (E) above, during the year ended December 31, 2021. These costs are a nonrecurring item.

S. Represents $87.3 million of expense recognized in accordance with IFRS 2, for the difference between the fair value of ordinary shares issued and the fair value of OACB's identifiable net liabilities, as described in (M) above. This cost is a nonrecurring item.

T. Represents the recognition of $0.5 million of general and administrative expense related to the remeasurement of the SAR liabilities at the modification date and $4.7 million in other income related to the gain on the extinguishment of the SAR liabilities from the transactions described in (I) above.

U. To eliminate interest income earned on funds in the Trust Account that were released upon closing of the Business Combination.

V. Reflects the elimination of $40.2 million of finance costs recognized during the year ended December 31, 2021 for interest expense associated with Alvotech's convertible shareholder loans, which were converted

into Alvotech Holdings Class A ordinary shares or otherwise extinguished in connection with the BCA Framework Agreement entered into among Alvotech Holdings Shareholders, Alvotech Holdings, Alvotech and Floki Holdings S.à r.l. Any conversion rights and warrant rights that remained unexercised at the date of the Business Combination would have been forfeited by the holders of these derivative financial liabilities.

W. Reflects the finance costs recognized for the accrual of waiver fees as described in (P) above. These costs are a nonrecurring item.

X. Reflects the difference in finance costs on the outstanding bonds, resulting from the closing of the Business Combination. In accordance with the terms of the outstanding bonds, the interest rate decreased from 15% to 10% following the closing of the Business Combination. Such adjustment, being recurring, may have a continuing impact on the combined company.

Y. Reflects the recognition of the consenting fee payable to the bondholders as described in (Q) above.

5. Pro Forma Loss per Share

The pro forma loss per share is calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, PIPE Financing and related transactions, assuming the shares were outstanding since January 1, 2021. As the Business Combination, PIPE Financing and related transactions are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted loss per share assumes that the shares issued in connection with the Business Combination have been outstanding for the entire period presented.

The holders of the Sponsor Earn Out Shares and Seller Earn Out Shares are entitled to the same voting and dividend rights generally granted to holders of ordinary shares. Therefore, the Sponsor Earn Out Shares and Seller Earn Out Shares are determined to be participating securities at issuance, and are included in the calculation of pro forma loss per share for the year ended December 31, 2021. The employees that will or may be issued ordinary shares as described in (I) above are not entitled to such rights during the period in which the shares have not been issued; therefore, such ordinary shares are not included in the calculation of pro forma loss per share for the year ended December 31, 2021.

For the year ended December 31, 2021
(in thousands, except share and per share data)

	Shares
Pro forma loss (1)	$ (136,071)
Weighted average shares outstanding - basic and diluted	204,069,505
Pro forma loss per share - basic and diluted	$ (0.67)
Weighted average shares outstanding - basic and diluted	
Alvotech shareholders	180,600,000
OACB shareholders	5,976,505
PIPE investors	17,493,000
Total	204,069,505

(1) Holders of the Seller Earn Out and Sponsor Earn Out Shares are entitled to the voting and dividend rights generally granted to holders of ordinary shares. As such, these shares are considered to be participating securities. Accordingly, the pro forma income is adjusted for the income attributable to these unvested shares, which are not included in the weighted average shares outstanding.

6.1.8 Independent assurance report from the independent auditor (*reviseur d'entreprises agréé*) on the compilation of pro forma financial information included in the Prospectus

To the Board of Directors of Alvotech 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg

We have completed our assurance engagement to report on the compilation of pro forma financial information of Alvotech (the "Company") by the Board of Directors. The pro forma financial information consists of the pro forma

condensed combined statement of financial position as at December 31, 2021, the pro forma condensed combined statement of profit or loss for the year ended December 3, 2021, and related notes as set out on pages 69 to 76 of the prospectus issued by the Company in relation to the admission to trading and listing of ordinary shares on the regulated market in Iceland operated by Nasdaq Iceland (the "**Prospectus**").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in item 18.4 of Annex 1 of Commission Delegated Regulation (EU) 2019/980, as amended (the "EU Regulation") and described in the related notes to the pro forma financial information (the "Applicable Criteria").

The pro forma financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the Business Combination, the PIPE Financing and other related transactions (hereafter the "Transaction") as set out in Note 1 of the notes to the unaudited pro forma condensed combined Financial Information, on the Company's financial position as at December 31, 2021 and the Company's financial performance for the year ended December 31, 2021 as if the Transaction had taken place at January 1, 2021. As part of this process, information about the Company's financial position and financial performance has been extracted by the Board of Directors of the Company from the Company's financial statements for the year ended December 31, 2021, on which an audit report has been published.

1. Responsibility of the Board of Directors of the Company for the pro forma financial information

The Board of Directors of the Company is responsible for compiling the pro forma financial information on the basis of the Applicable Criteria.

2. Responsibilities of the réviseur d'entreprises agréé

Our responsibility is to express an opinion, as required by item 18.4 of Annex 1 of the EU Regulation, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3420 ("ISAE 3420"), Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board ("IAASB") and adopted by the Institut des réviseurs d'entreprises.

We applied International Standard on Quality Control 1, Quality control for firms that perform audits and review of historical financial information, and other assurance and related services engagements ("ISQC 1") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the applicable independence and other ethical requirements of 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 "Commission de Surveillance du Secteur Financier" (the "Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have planned and performed procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of an entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Opinion

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

4. Restriction of use of the report

This report is required by the EU Regulation and is solely provided for the purpose of being included in the Prospectus to comply with the requirements of the EU Regulation and for no other purpose.

The pro forma financial information of the Company has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (the "US") Securities and Exchange Commission or practices generally accepted in the US. Our procedures on the proforma financial information have not been carried out in accordance with auditing standards or other standards and practices generally accepted in the US. Accordingly, our report should not be relied upon as if our procedures had been carried out in accordance with those standards and practices.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone, *Réviseur d'entreprises agréé*

Partner

December 2, 2022

7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Alvotech's financial condition and results of operations should be read in conjunction with Alvotech's audited consolidated financial statements and unaudited condensed consolidated interim financial statements and related notes and other financial information appearing elsewhere in this prospectus. The following discussion is based on Alvotech's financial information prepared in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB and as adopted by the EU. Some of the information contained in this discussion and analysis or set forth elsewhere in this Prospectus, including information with respect to Alvotech's plans and strategy for its business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Prospectus, Alvotech's actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

All amounts discussed are in U.S. dollars, unless otherwise indicated.

7.1 Company Overview

Alvotech is a highly integrated biotech company focused solely on the development and manufacture of biosimilar medicines for patients worldwide. Our purpose is to improve the health and quality of life of patients around the world by improving access to proven treatments for various diseases. Since our inception, we have built our company with key characteristics we believe will help us capture the substantial global market opportunity in biosimilars: a leadership team that has brought numerous successful biologics and biosimilars to market around the world; a purpose-built biosimilars R&D and manufacturing platform; top commercial partnerships in global markets; and a diverse, expanding pipeline addressing many of the biggest disease areas and health challenges globally. Alvotech is a company committed to constant innovation: we focus our platform, people and partnerships on finding new ways to drive access to more affordable biologic medicines. Alvotech, which was founded in 2013, is led by specialists in biopharmaceutical product creation from around the world that bring extensive combined knowledge and expertise to its mission.

Alvotech currently has eight product candidates in its pipeline for serious diseases with unmet patient and market need. Product candidates in our pipeline address reference products treating autoimmune, eye, and bone disorders, as well as cancer, with combined estimated peak global sales of originator products of more than $85 billion.

- Alvotech's most advanced product is AVT02, the company's high-concentration biosimilar to Humira (adalimumab), the world's top-selling pharmaceutical product with approximately $20.7 billion in global revenue in 2021. Alvotech received approval for AVT02 for Europe in November 2021 and for Canada and the UK in January 2022. In April 2022, Alvotech's commercial partner, JAMP Pharma, launched AVT02 under the name SIMLANDI in Canada. In June 2022, Alvotech's commercial partner, STADA, launched AVT02 under the name Hukyndra in selected European countries, including France, Germany, Finland, and Sweden. Commercial launches in further European countries are scheduled over the coming months.

  In September 2020, Alvotech submitted its biologics license application ("**BLA**") for AVT02 to the FDA and in September 2021, the FDA notified Alvotech it had elected to defer the application. The FDA can defer action when no deficiencies have been identified and the application otherwise satisfies the requirements for approval, but a pre-approval inspection(s) is necessary yet cannot be completed due to factors including travel restrictions. In February 2022, the FDA communicated that it had accepted Alvotech's BLA supporting interchangeability for review. In September 2022, Alvotech announced that it had received communication from the FDA detailing its assessment of the March 2022 inspection of Alvotech's manufacturing facility in Reykjavik, Iceland and Alvotech's subsequent written responses to the FDA. The FDA's complete response letter to the initial biosimilar BLA for AVT02 noted certain deficiencies related to the Reykjavik facility and stated that satisfactory resolution of the deficiencies is required before FDA may approve this BLA. Alvotech is working collaboratively with FDA to resolve these issues. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie settled all U.S. litigation arising out of the development of Alvotech's adalimumab biosimilar, and the filing of the corresponding BLA with the FDA. Subject to regulatory approval from the FDA, Alvotech expects to launch AVT02 in the United States on July 1 2023.

- In May 2022, Alvotech reported positive topline results from two clinical studies for its second product candidate, AVT04, a proposed biosimilar to Stelara (ustekinumab). Alvotech submitted marketing applications in major markets including the U.S. and EU for AVT04 in the second half of 2022.

- Alvotech's next three most advanced product candidates, AVT06, AVT03, and AVT05, are proposed biosimilars to Eylea (aflibercept), Prolia/Xgeva (denosumab) and Simponi/Simponi ARIA (golimumab), respectively. Alvotech announced the initiation of clinical programs for AVT06 and AVT03 in July 2022.

- In December 2021, Alvotech entered into a partnership with Biosana Pharma for the co-development of AVT23, a biosimilar candidate to Xolair (omalizumab).

- Alvotech also has a number of other programs in earlier phases of development that it plans to advance over the coming years. The two most advanced of these, AVT16 and AVT33, are in early development and with immunology and oncology reference products that have estimated combined global peak sales of approximately $30 billion.

Alvotech's loss for the six months ended June 30, 2022 and 2021 was $184.5 million and $274.0 million, respectively, and for the years ended December 31, 2021, 2020 and 2019 was $101.5 million $170.0 million and $209.9 million, respectively. Alvotech's Adjusted EBITDA was ($88.4) million and ($97.1) million for the six months ended June 30, 2022 and 2021, respectively, and ($ 180.7) million, ($91.2) million and ($69.5) million for the years ended December 31, 2021, 2020 and 2019, respectively. Alvotech expects to continue to incur increasing expenses and operating losses for the foreseeable future, as it advances its product candidates through preclinical and clinical development and seeks regulatory approvals, manufactures drug product and drug supply, maintains and expands its intellectual property portfolio, hires additional personnel, and pays for accounting, audit, legal, regulatory and consulting services and costs associated with maintaining compliance with exchange listing rules and the requirements of the SEC, director and officer liability insurance premiums, investor and public relations activities and other expenses associated with operating as a public company. See "Risk Factors—Alvotech may need to raise substantial additional funding from shareholders or third parties. This additional funding may not be available on acceptable terms or at all. Failure to obtain such necessary capital when needed may force Alvotech to delay, limit or terminate its product development efforts or other operations.

7.2 The Business Combination and PIPE Financing

On June 15, 2022, Alvotech consummated the Business Combination with Alvotech Holdings and OACB pursuant to the Business Combination Agreement dated December 7, 2021 and as amended by an amendment agreement dated April 18, 2022 and June 7, 2022 (the "**Business Combination Agreement**"). The Business Combination was accounted for as a capital reorganization.

Concurrently with the execution of the Business Combination Agreement, OACB and Alvotech entered into Subscription Agreements with certain investors (the "**PIPE Financing**"). On June 15, 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 $10.00 per share for an aggregate subscription price equal to $174.9 million.

The closing of the Business Combination and the PIPE Financing provided the Group with gross proceeds of $184.7 million that is expected to be used to finance the continuing development and commercialization of its biosimilar products. The Company also incurred $26.6 million of transaction costs, which represent legal, financial advisory, and other professional fees in connection with the Business Combination and PIPE Financing, during the six months ended June 30, 2022. Of this amount, $5.6 million represented equity issuance costs related to the PIPE Financing. For more information about the Business Combination Agreement, please refer to following link, https://www.sec.gov/Archives/edgar/data/1898416/000119312522145740/d193995df4a.htm.

7.3 Factors Affecting Alvotech's Performance

The pharmaceutical industry is highly competitive and highly regulated. As a result, Alvotech faces a number of industry-specific factors and challenges, which can significantly impact its results. For a more detailed explanation of Alvotech's business and its risks, refer to the section titled "*Risk Factors.*" These factors include:

Competition

The regions in which Alvotech conducts business and the pharmaceutical industry in general is highly competitive. Alvotech faces significant competition from a wide range of companies in a highly regulated industry, including competition from both biosimilar developers and manufacturers as well as competition from branded pharmaceutical developers and manufacturers. In addition, Alvotech is at risk of becoming a party to litigation with respect to patent infringement and other related claims. See Section 1.1.1 of this Prospectus for details related to Alvotech's resolved and ongoing litigation adverse to AbbVie.

Research and development uncertainty

Research and development within the pharmaceutical industry has a high degree of uncertainty, and likewise there is uncertainty with respect to the probability of success of Alvotech's biosimilar programs and the timing of the requisite preclinical and clinical steps to achieve regulatory approval of its biosimilar product candidates. See Section 1.1.3 of this Prospectus for more information.

Reliance on commercial partners

Alvotech has partnered with several third parties to commercialize its biosimilar product candidates, once approved by the appropriate regulatory agencies. Alvotech does not currently have the capabilities or the necessary infrastructure to commercialize its products independently.

7.4 COVID-19, *the Russia and Ukraine Conflict, and Global Economic Conditions*

With the ongoing COVID-19 pandemic, Alvotech created a COVID-19 task force which implemented a business continuity plan to address and mitigate the impact of the pandemic on its business and operations across sites. As a result, in the short-term, the pandemic has not had a material impact on Alvotech's financial condition, results of operations, the timelines for biosimilar product development, expansion efforts or its operations as a whole. Furthermore, Alvotech does not currently anticipate that the pandemic will have a prospective material financial or operational impact. However, the extent to which the pandemic will impact Alvotech's business, biosimilar product development and expansion efforts, corporate development objectives and the value of and market for its Ordinary Shares will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate direction of the pandemic, emergence and spread of new variants of the disease, travel restrictions, quarantines, social distancing, business closure requirements and the effectiveness of other actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global supply chains and distribution systems, the effects of this on the work of appropriate regulatory authorities in different regions and the other risks and uncertainties associated with the pandemic could have a material adverse effect on Alvotech's business, financial condition, results of operations and growth prospects.

In February and March 2022, Russia began a military invasion of Ukraine. The global response to this invasion could have an adverse impact on the Group's business, including the Group's ability to market and sell products in Europe, by creating disruptions in global supply chain, and potentially having an adverse impact on the global economy, European economy, financial markets, energy markets, currency rates, and otherwise. Currently, the conflict has not had a material impact on the Group's financial condition, results of operations, the timelines for biosimilar product development, expansion efforts or the Group's operations as a whole.

Alvotech believes that inflation will have a general impact on the business in line with overall price increases, increases in the cost of borrowing, and operating in an inflationary economy. We cannot predict the timing, strength, or duration of any inflationary period or economic slowdown or its ultimate impact on the Company. If the conditions in the general economy significantly deviate from present levels and continue to deteriorate it could have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

7.5 COMPONENTS OF OPERATIONS

Product Revenue

Starting during the six months ended June 30, 2022, the Company recognized revenue from product sales resulting from the launch of Alvotech's AVT02 product, under the name Hukyndra in select European countries and SIMLANDI in Canada. Alvotech expects to continue to recognize product revenue as products are successfully launched

into the marketplace.

License and other revenue

Alvotech generates a majority of its revenue from upfront and milestone payments pursuant to long-term out-license contracts which provide its partners with an exclusive right to market and sell Alvotech's biosimilar product candidates in a particular territory once such products are approved for commercialization. These contracts typically include commitments to continue development of the underlying compound and to provide supply of the product to the partner upon commercialization.

In the future, revenue may include new out-license contracts and additional milestone payments. Alvotech expects that any revenue it generates will fluctuate from period to period as a result of the timing and amount of license, research and development services, and milestone and other payments.

Other income

Other income includes research and development grants from the Icelandic government and income generated from support services performed by Alvotech pursuant to an arrangement with Alvogen Lux Holdings S.à r.l ("Alvogen"), a related party. Support services include finance, administrative, legal and human resource services. In addition, other income for the year ended December 31, 2019 included a gain recognized upon Alvotech's contribution of intellectual property to the Joint Venture as further described in "*Results of Operations*" below.

Operating expenses

Cost of product revenue

Cost of product revenue includes the cost of inventory sold, labor costs, manufacturing overhead expenses and reserves for expected scrap, as well as shipping and freight costs. Cost of product revenue also includes depreciation expense for production equipment, changes to our excess and obsolete inventory reserves, certain direct costs such as shipping costs, and royalty costs related to in-license agreements.

Research and development expenses

Research and development expenses consist primarily of costs incurred in connection with Alvotech's research, development and pre-commercial manufacturing activities and include:

- personnel expenses, including salaries, benefits and other compensation expenses;
- costs of funding the execution of studies performed both internally and externally;
- costs of purchasing laboratory supplies and non-capital equipment used in designing, developing and manufacturing preclinical study and clinical trial materials;
- expenses related to quality control and other advancement development;
- consultant fees;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies;
- facility costs including rent, depreciation and maintenance expenses;
- fees for maintaining licenses under third party licensing agreements;
- expenses incurred in preparation for commercial launch, such as designing and developing commercial-scale manufacturing capabilities and processes, quality control processes, production asset valuation and other related activities; and
- costs related to amortization, depreciation and impairment losses related to software and property, plant and equipment used in research and development activities.

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 does not capitalize such expenditures as intangible assets until marketing approval by a regulatory authority is obtained or is deemed highly probable. Therefore, Alvotech did not capitalize any research and development expenses as internally-developed intangible assets during the years ended December 31, 2021, 2020 and 2019 and the six months ended June 30, 2022 and 2021..

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. Alvotech plans to substantially increase research and development expenses in the near term, as it continues to advance the development of its biosimilar product candidates.

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 duration, costs and timing of clinical trials of Alvotech's products in development and any other product candidates will depend on a variety of factors that include, but are not limited to, the following:

- the number of trials required for approval;
- the per patient trial costs;
- the number of patients who participate in the trials;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the dose that patients receive;
- the drop-out or discontinuation rates of patients;
- the potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up;
- any delays in key trial activities and patient enrollment or diversion of healthcare resources as a result of the COVID-19 pandemic and geopolitical conflicts;
- production shortages or other supply interruptions in clinical trial materials resulting from the COVID-19 pandemic and geopolitical conflicts;
- the timing and receipt of regulatory approvals; and
- the efficacy and safety profile of the product candidates.

In addition, the probability of success of Alvotech's products in development and any other product candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. Alvotech may never succeed in achieving regulatory approval of its product candidates for any indication in any country (outside of the European Union, Canada and the UK, where it received approval for AVT02). As a result of the uncertainties discussed above, Alvotech is unable to determine in advance the duration and completion costs of any clinical trial that it conducts, or when and to what extent Alvotech will generate revenue from the commercialization and sale of products in development or other product candidates, if at all.

General and administrative expenses

General and administrative expenses primarily consist of personnel-related expenses, including salaries, bonuses and other related compensation expenses, and external consulting service costs for corporate and other administrative and operational functions including finance, human resources, information technology and legal, as well as facility-related costs not otherwise included in research and development expenses. These costs relate to the operation of the business

and are not related to research and development initiatives or cost product revenue. General and administrative costs are expensed as incurred.

Alvotech expects general and administrative expenses to continue to increase as Alvotech increases its headcount and incurs external costs associated with operating as a public company, including expenses related to legal, accounting, tax, consulting services and regulatory matters, maintaining compliance with requirements of exchange listings and of the SEC, director and officer liability insurance premiums and investor relations activities and other expenses associated with operating as a public company. Though expected to increase, Alvotech expects these expenses to decrease as a percentage of revenue in the long-term as revenue increases.

Share of net loss / profit of Joint Venture

Alvotech hf. currently holds a 50% ownership interest in the Joint Venture. Alvotech accounts for its ownership interest in the Joint Venture using the equity method of accounting. Under the equity method of accounting, investments in joint ventures are initially recognized at cost and the carrying amount is subsequently adjusted for Alvotech's share of the profit or loss of the Joint Venture, as well as any distributions received from the Joint Venture. Alvotech's profit or loss includes its share of the profit or loss of the Joint Venture and, to the extent applicable, other comprehensive income or loss for Alvotech will include its share of other comprehensive income or loss of the Joint Venture (see Section 6.1.6 of this Prospectus for more information).

Finance income and finance costs

Finance income consists of changes in the fair value of derivative financial liabilities and interest income. Alvotech recognizes interest income from a financial asset when it is probable that the economic benefits will flow to Alvotech and the amount of income can be measured reliably.

Finance costs consist of interest expenses related to lease liabilities and borrowings, changes in the fair value of derivative financial liabilities, accretion of Alvotech's borrowings and amortization of deferred financing fees.

Exchange rate differences

Exchange rate differences consist of the translation of certain assets and liabilities that are denominated in foreign currency into U.S. dollars.

Gain on extinguishment of financial liabilities

Alvotech recognized a gain on extinguishment of financial liabilities during the year ended December 31, 2021 and the six months ended June 30, 2021 in connection with the substantial modification of its convertible bond agreement and the exercise of the conversion, warrant and funding rights associated with the convertible shareholder loans.

Income tax benefit / expense

Income tax benefit or expense consists of current tax and deferred tax benefit or charge recorded in the consolidated statement of profit or loss and other comprehensive income or loss.

7.6 RESULTS OF OPERATIONS

Comparison of the Years Ended June 30, 2022 and 2021

The following table sets forth Alvotech's results of operations for the period ended June, 30:

USD in thousands	2022	2021
Product revenue	3,932	—
License and other revenue	36,186	2,008
Other income	142	348

Cost of product revenue	(17,813)	—
Research and development expenses	(86,884)	(90,403)
General and administrative expenses	(139,147)	(86,360)
Operating loss	(203,584)	(174,407)
Share of net loss of joint venture	(1,266)	(837)
Finance income	50,968	4
Finance costs	(52,406)	(123,575)
Exchange rate differences	4,744	(3,611)
Gain on extinguishment of financial	—	2,561
Non-operating profit / (loss)	2,040	(125,458)
Loss before taxes	(201,544)	(299,865)
Income tax benefit	17,073	25,918
Loss for the period	(184,471)	(273,947)

Product Revenue

USD in thousands	Six Months Ended June 30, 2022	2021	*Change* 2021 to 2022 $	%
Revenue	3,932		3,932	nm

nm = not meaningful, refer to explanation below

The Company successfully launched the AVT02 product in Canada and select European countries resulting in $3.9 million of product revenue recognized during the six months ended June 30, 2022.

License and other revenue

USD in thousands	Six Months Ended June 30, 2022	2021	*Change* 2021 to 2022 $	%
License and other revenue	36,186	2,008	34,178	nm

nm = not meaningful, refer to explanation below

License and other revenue increased by $34.2 million, from $2.0 million for the six months ended June 30, 2021 to $36.2 million for the six months ended June 30, 2022. The increase in license and other revenue was primarily driven by a $34.7 million increase in research and development and other service revenue, due to the completion of the milestone related to the AVT04 main clinical program during the six months ended June 30, 2022.

Revenue decreased by $29.8 million, or 44.8%, from $66.6 million for the year ended December 31, 2020 to $36.8 million for the year ended December 31, 2021. The decrease in revenue was driven by a $22.6 million decrease in license revenue and a $7.2 million decrease in research and development service revenue earned pursuant to out-license contracts with commercial partners during 2021 as compared to 2020.

The $22.6 million decrease in license revenue was primarily attributable to the timing of entering out-license contracts with commercial partners coupled with the stage of development of Alvotech's biosimilar product candidates at the time such out-license contracts were executed. Alvotech's license revenue for the year ended December 31, 2020 primarily relates to milestones reached on out-license contracts entered into for AVT02 whereas Alvotech's license revenue for the year ended December 31, 2021 primarily relates to out-license contracts entered into for AVT04.

The $7.2 million decrease in research and development service revenue was primarily attributable to the wind down of clinical studies and other development-related activities for AVT02 in 2021.

Other income

USD in thousands	Six Months Ended June 30 2022	2021	Change 2021 to 2022 $	%
Other income	2,912	2,833	(206)	59.2

Other income decreased by $0.2 million, or 59.2%, from $0.3 million for the six months ended June 30, 2021 to $0.1 million for the six months ended June 30, 2022. The decrease in other income was driven by a decrease in services performed pursuant to Alvotech's support service arrangements with Alvogen during the six months ended June 30, 2022, as compared to the six months ended June 30, 2021.

Cost of product revenue

USD in thousands	Six Months Ended June 30 2022	2021	Change 2021 to 2022 $	%
Cost of product revenue	17,813	—	17,813	nm

nm = not meaningful, refer to explanation below

The Company successfully launched AVT02 in select European countries and Canada during the six months ended June 30, 2022. As a result, the Company recognized cost of production revenue in the amount of $17.8 million, which includes both variable and fixed manufacturing costs associated with commercial manufacturing, resulting in higher costs than revenues recognized for the period. The Company expects this to normalize as it increases in scale and expands on new product launches. Ultimately, this increase in volumes will result in the absorption of fixed manufacturing costs. Prior to the recognition of cost of product revenues, these costs were reported as research and development expenses as pre-commercial manufacturing activity.

Research and development expenses

USD in thousands	Six Months Ended June 30 2022	2021	Change 2021 to 2022 $	%
AVT02 development program expenses	5,558	8,139	(2,581))	31.7)
AVT03 development program expenses	6,060	1481	4,579	309.2
AVT04 development program expenses	14,189	13,959	230	1.6
AVT05 development program expenses	4,933	216	4,717	nm
AVT06 development program expenses	8,058	4,851	3,207	66.1
Salary and other employee expenses	30,699	33,893	(3,194)	9.4
Depreciation and amortization	5,827	9,560	(3,733)	39.0
Other research and development expenses (1)	11560	18,304	(6,744)	36.8
Total research and development expenses	86,884	90,403	(3,519)	3.9

nm = not meaningful, refer to explanation below

(1) Other research and development expenses include manufacturing costs, facility costs and other operating expenses recognized as research and development expenses during the period.

Research and development expenses decreased by $3.5 million, or 3.9%, from $90.4 million for the six months ended June 30, 2021 to $86.9 million for the six months ended June 30, 2022. The decrease in research and development expense was primarily attributable to a decrease of $2.6 million in direct expenses for the AVT02 development programs as clinical activities have been completed and the Company has successfully launched the product in certain marketplaces. The decrease in research and development expense was also driven by a decrease of $3.2 million in salary and employee expenses, a $3.7 million decrease in depreciation and amortization expenses and a $6.7 million decrease in other research and development expenses. These decreases resulted from the Company's commercial launch of AVT02 in certain marketplaces during the six months ended June 30, 2022. Manufacturing costs that were previously recognized as research and development expense are now being recognized as cost of product revenue in conjunction with our first commercial launch. These decreases were partially offset by an increase in direct expenses of $4.6 million, $0.2 million, $4.7 million, and $3.2 million for AVT03, AVT04, AVT05, and AVT06, respectively. These increases are due to the start of clinical

studies and production of clinical materials during the six months ended June 30, 2022.

General and administrative expenses

	Six Months Ended June 30		Change 2021 to 2022	
USD in thousands	2022	2021	$	%
General and administrative expense	139,147	86,360	52,787	61.1

General and administrative expenses increased by $52.8 million, or 61.1%, from $86.4 million for the six months ended June 30, 2021 to $139.1 million for the six months ended June 30, 2022. The increase in general and administrative expenses was primarily attributable to the $83.4 million non-cash share listing expense and $21.0 million of transaction costs recognized as a result of the Business Combination. These expenses were partially offset by a $55.7 million decrease in expense related to the long-term incentive plan. The Company recognized $55.9 million of expense related to the share appreciation rights, or SARs, for the six months ended June 30, 2021 due to the increase in the valuation of the Company. In connection with the closing of the Business Combination, the Company reached a settlement agreement for SARs previously awarded to certain current and former employees. The remaining change is due to incremental costs from operating as a public company.

Share of net loss of joint venture

	Six Months Ended June 30		Change 2021 to 2022	
USD in thousands	2022	2021	$	%
Share of net loss of joint venture	1266	837	429	51.3

Share of net loss of Joint Venture increased by $0.4 million, or 51.3%, from a loss of $0.8 million for the six months ended June 30, 2021 to a loss of $1.3 million for the six months ended June 30, 2022. The increase in the share of net loss of joint venture was due to losses incurred by the Joint Venture during the six months ended June 30, 2022, as compared to June 30, 2021 primarily driven by higher research and development and administrative expenses incurred by the Joint Venture during the six months ended June 30, 2022.

Finance income

	Six Months Ended June 30		Change 2021 to 2022	
USD in thousands	2022	2021	$	%
Finance income	50,968	4	50,964	nm

nm = not meaningful, refer to explanation below

Finance income during the six months ended June 30, 2022, relates to the $46.5 million decrease in fair value of the earn out shares issued to holders of shares of Alvotech Holdings at the closing of the Business Combination, the $1.8 million decrease in fair value of earn out shares issued to Oaktree Acquisition Holdings II, L.P. at the closing of the Business Combination, and $2.6 million decrease in the fair value of the OACB warrants. The decrease in fair value was a result of a decrease in the price of Alvotech's ordinary shares. The recognition of these derivative liabilities was a result of the closing of the Business Combination. The fair value of these derivative liabilities was measured at the Closing Date and subsequently remeasured at June 30, 2022. See Note 22 of the unaudited condensed consolidated interim financial statements as of and for the six months ended June 20, 2022, for additional information.

Finance costs

USD in thousands	Six Months Ended June 30		Change 2021 to 2022	
	2022	2021	$	%
Finance costs	2,406	123,575	71169	57.6

Finance costs decreased by $71.2 million, or 57.6%, from $123.6 million for the six months ended June 30 2021 to $52.4 million for the six months ended June 30, 2022. The decrease in finance costs was primarily attributable to the extinguishment of the convertible bonds and shareholder loans during the year ended December 31, 2021. The derivative liabilities associated with the bonds and loans resulted in $67.6 million of finance costs recognized during the six months ended June 30 2021 due the change in fair value. There was $16.1 million of interest expense recognized on the extinguished convertible bonds and convertible shareholder loans during to the six months ended June 30, 2021. The decreases related to the extinguished liabilities were partially offset by $7.4 million of expense recognized for the special put option and consent fee paid to bondholders and a $6.5 million loss on the remeasurement of bonds during the six months ended June 30, 2022. See Note 16 of the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2022 for additional information

Exchange rate differences

USD in thousands	Six Months Ended June 30		Change 2021 to 2022	
	2022	2021	$	%
Exchange rate differences	4,744	(3,611)	8,355	231.4

Exchange rate differences increased by $8.4 million, or 231.4%, from an expense of $3.6 million for the six months ended June 30, 2021 to a gain of $4.7 million for the six months ended June 30, 2022. The increase was primarily driven by a change in financial assets and liabilities denominated in Icelandic Krona, resulting in an exchange rate gain during the six months ended June 30, 2022 compared to an exchange rate loss during the six months ended June 30, 2021.

Gain on extinguishment of financial liabilities

USD in thousands	Six Months Ended June 30		Change 2021 to 2022	
	2022	2021	$	%
Gain on extinguishment of financial liabilities	—	2,561	(2,561)	nm

nm = not meaningful, refer to explanation below

Alvotech recognized a gain on extinguishment of financial liabilities of $2.6 million during the six months ended June 30, 2021 in connection with the substantial modification to the terms and conditions of the convertible bonds and other related, concurrent transactions.

Income tax benefit

USD in thousands	Six Months Ended June 30		Change 2021 to 2022	
	2022	2021	$	%
Income tax benefit	17,073	25,918	(8,845)	34.1

The income tax benefit decreased by $8.8 million for the six months ended June 30, 2022. This change was driven by $3.7 million lower of net operating losses with respect to the 2022 period that Alvotech expects will be fully utilized against future taxable profits, a foreign currency impact of $4.9 million due to weakening of the Icelandic Krona against the US dollar which decreased the US dollar value of tax loss carry-forwards expected to be utilized against future taxable profits, and a $0.2 million increase in current taxes.

Comparison of the Years Ended December 31, 2021 and 2020

The following table sets forth Alvotech's results of operations for the years ended December 31,:

USD in thousands	2021	2020

Revenue	36,772	66,616
Other income	2,912	2,833
Research and development expenses	(191,006)	(148,072)
General and administrative expenses	(84,134)	(58,914)
Operating loss	(235,456)	(137,537)
Share of net loss of joint venture	(2,418)	(1,505)
Finance income	51,568	5,608
Finance costs	(117,361)	(161,551)
Exchange rate differences	2,681	3,215
Gain on extinguishment of financial liabilities	151,788	—
Non–operating profit (loss)	86,258	(154,233)
Loss before taxes	(149,198)	(291,770)
Income tax benefit	47,694	121,726
Loss for the year	(101,504)	(170,044)

Revenue

			Change	
USD in thousands	Year Ended December 31,		2020 to 2021	
	2021	2020	$	%
Revenue	36,772	66,616	(29,844)	(44.8)

Revenue increased by $34.7 million, or 108.7%, from $31.9 million for the year ended December 31, 2019 to $66.6 million for the year ended December 31, 2020. The increase in revenue was driven by a $6.1 million increase in license revenue and a $28.6 million increase in research and development service revenue earned pursuant to out-license contracts with commercial partners during 2020 as compared to 2019.

The $6.1 million increase in in-license revenue was primarily attributable to milestones reached on new out-license contracts entered into during the year ended December 31, 2020 for the license of AVT02.

The $28.6 million increase in research and development service revenue was primarily attributable to out-license contracts entered into in the second half of the year ended December 31, 2019 and during the year ended December 31, 2020 for services provided related to AVT04. These contracts contributed to $24.7 million of revenue recognized during the year ended December 31, 2020. The remaining increase in research and development service revenue was driven by out-license contracts entered into during the year ended December 31, 2020 for services related to AVT02.

Other income

			Change	
USD in thousands	Year Ended December 31,		2020 to 2021	
	2021	2020	$	%
Other income	2,912	2,833	79	2.8

Other income increased by $0.1 million, or 2.8%, from $2.8 million for the year ended December 31, 2020 to $2.9 million for the year ended December 31, 2021. The increase in other income was driven by an increase in research and development grants from the Icelandic government partially offset by a decrease in income generated from services performed pursuant to Alvotech's support service arrangements with Alvogen, a related party, during the year ended December 31, 2021 as compared to the year ended December 31, 2020.

Research and development expenses

	Change

USD in thousands	Year Ended December 31, 2021	2020	2020 to 2021 $	%
AVT02 development program expenses	26,610	42,440	(15,830)	(37.3)
AVT04 development program expenses	35,770	15,148	20,622	136.1
AVT06 development program expenses	11,508	2,321	9,187	395.8
Salary and other employee expenses	71,588	49,043	22,545	46.0
Depreciation and amortization	21,764	16,358	5,406	33.0
Other research and development expenses (1)	23,766	22,762	1,004	4.4
Total research and development expenses	191,006	148,072	42,934	29.0

(1) Other research and development expenses include manufacturing costs, facility costs and other operating expenses recognized as research and development expenses during the period.

Research and development expenses increased by $42.9 million, or 29.0%, from $148.1 million for the year ended December 31, 2020 to $191.0 million for the year ended December 31, 2021. The increase in research and development expense was primarily attributable to an increase of $22.5 million in salary expense as a result of new hires in support of new and existing development programs and ongoing preparation for commercial launch of Alvotech's biosimilar product candidates. Additional drivers include an increase of $20.6 million in AVT04 development program expenses, an increase of $9.2 million in AVT06 development program expenses, a $4.0 million impairment charge on certain software assets previously under development and a $2.1 million impairment charge on equipment no longer intended for research and development purposes. These expenses were offset by a $15.8 million decrease in AVT02 development program expenses due to the wind down of clinical studies and other development-related activities throughout 2021.

General and administrative expenses

USD in thousands	Year Ended December 31, 2021	2020	Change 2020 to 2021 $	%
General and administrative expense	84,134	58,914	25,220	42.8

General and administrative expenses increased by $25.2 million, or 42.8%, from $58.9 million for the year ended December 31, 2020 to $84.1 million for the year ended December 31, 2021. The increase in general and administrative expenses was primarily attributable to $12.5 million of transaction costs related to the Business Combination incurred in 2021, an increase of $5.6 million in legal expenses in preparation for, and/or in relation to, litigation with AbbVie in the United States and an increase of $4.7 million in salary expense as a result of new hires.

Share of net loss of joint venture

USD in thousands	Year Ended December 31, 2021	2020	Change 2020 to 2021 $	%
Share of net loss of joint venture	2,418	1,505	913	60.7

Share of net loss of joint venture increased by $0.9 million, or 60.7%, from $1.5 million for the year ended December 31, 2020 to $2.4 million for the year ended December 31, 2021. The increase in the share of net loss of joint venture was due to an increase in losses incurred by the Joint Venture during the year ended December 31, 2021 as compared to December 31, 2020. The increase in losses incurred by the Joint Venture was due to higher research and development and administrative expenses incurred by the Joint Venture during the year ended December 31, 2021, partially due to the fact that the Joint Venture commenced operations in the first quarter of 2020, coupled with a decrease in interest income in 2021.

Finance income

USD in thousands	Year Ended December 31,, 2021	2020	Change 2020 to 2021 $	%
Finance income	51,568	5,608	45,960	819.5

Finance income increased by $46.0 million, or 819.5%, from $5.6 million for the year ended December 31, 2020 to $51.6 million for the year ended December 31, 2021. The increase in finance income was primarily attributable to an increase of $46.1 million in unrealized gains associated with the fair value remeasurement of derivative financial liabilities, the majority of which relates to the remeasurement of the derivative financial liabilities associated with the convertible shareholder loans on the date of extinguishment of such loans.

Finance costs

	Year Ended December 31,		Change 2020 to 2021	
USD in thousands	2021	2020	$	%
Finance costs	117,361	161,551	(44,190)	(27.4)

Finance costs decreased by $44.2 million, or 27.4%, from $161.6 million for the year ended December 31, 2020 to $117.4 million for the year ended December 31, 2021. The decrease in finance costs was primarily attributable to a decrease of $58.0 million in unrealized losses associated with the fair value remeasurement of derivative financial liabilities, partially offset by an increase of $14.5 million in interest on borrowings as result of additional payment-in-kind interest added to the principal balances for the convertible shareholder loans during the year ended December 31,, 2021.

Exchange rate differences

	Year Ended December 31,		Change 2020 to 2021	
USD in thousands	2021	2020	$	%
Exchange rate differences	2,681	3,215	(534)	(16.6)

Exchange rate differences decreased by $0.5 million, or 16.6%, from $3.2 million for the year ended December 31, 2020 to $2.7 million for the year ended December 31, 2021. The decrease was primarily driven by a change in financial assets and liabilities denominated in Icelandic Krona and Euros during the year ended December 31, 2021.

Gain on extinguishment of financial liabilities

	Year Ended December 31,		Change 2020 to 2021	
USD in thousands	2021	2020	$	%
Gain on extinguishment of financial liabilities	151,788	—	151,778	nm

nm = not meaningful, refer to explanation below

Alvotech recognized a gain on extinguishment of financial liabilities of $151.8 million during the year ended December 31, 2021 in connection with the substantial modification to the terms and conditions of the convertible bonds, and other related, concurrent transactions, as well as the exercise of the conversion, warrant and funding rights associated with the convertible shareholder loans. The substantial modification of the convertible bonds was accounted for as an extinguishment, resulting in a gain on extinguishment of financial liabilities of $2.6 million. The gain on extinguishment of financial liabilities was primarily driven by the $26.7 million difference between the fair value of the post-transaction bonds and the carrying amount of the pre-transaction bonds in addition to the $7.7 million difference between the carrying amount of pre-transaction bonds converted in connection with the transaction and the fair value of the resulting shares into which such bonds were converted. The gain on extinguishment of financial liabilities was partially offset by $16.2 million for transaction costs and fees incurred as part of the extinguishment, the acceleration of $11.0 million of previously deferred debt issue costs incurred in connection with the issuance of the pre-transaction bonds, and the acceleration of $4.6 million of previously unamortized accretion of the pre-transaction bonds.

The exercise of the conversion, warrant and funding rights associated with the convertible shareholder

loans resulted in a gain on extinguishment of financial liabilities of $149.2 million, driven by the difference between the carrying amount of the pre-transaction convertible shareholder loans and the related derivative financial liabilities and the fair value of the ordinary shares issued and cash received for the exercise of the conversion, warrant and funding rights.

Income tax benefit

	Year Ended December 31,		Change 2021 to 2020	
USD in thousands	2021	2020	$	%
Income tax benefit	47,694	121,726	(74,032)	(60.8)

Income taxes for the year ended December 31, 2021 resulted in an income tax benefit of $47.7 million compared to income tax benefit of $121.7 million for the year ended December 31, 2020. This change was primarily driven by the recognition of an additional $47.7 million of deferred tax assets in 2021 with respect to current year tax losses that Alvotech expects will be fully utilized against future taxable profits, as further described below. See "*Critical Accounting Policies and Estimates—Valuation of deferred tax assets*" for additional information regarding Alvotech's policies, estimates and key judgments related to the recognition of deferred tax assets.

Comparison of the Years Ended December 31, 2020 and 2019

The following table sets forth Alvotech's results of operations for the years ended December 31,:

USD in thousands	2020	2019
Revenue	66,616	31,918
Other income	2,833	50,757
Research and development expenses	(148,072)	(95,557)
General and administrative expenses	(58,914)	(48,566)
Operating loss	(137,537)	(61,448)
Share of net loss of joint venture	(1,505)	(192)
Finance income	5,608	6,932
Finance costs	(161,551)	(158,467)
Exchange rate differences	3,215	3,790
Non-operating loss	(154,233)	(147,937)
Loss before taxes	(291,770)	(209,385)
Income tax benefit / (expense)	121,726	(491)
Loss for the year	(170,044)	(209,876)

Revenue

	Year Ended December 31,		Change 2019 to 2020	
USD in thousands	2020	2019	$	%
Revenue	66,616	31,918	34,698	108.7

Revenue increased by $34.7 million, or 108.7%, from $31.9 million for the year ended December 31, 2019 to $66.6 million for the year ended December 31, 2020. The increase in revenue was driven by a $6.1 million increase in license revenue and a $28.6 million increase in research and development service revenue earned pursuant to out-license contracts with commercial partners during 2020 as compared to 2019.

The $6.1 million increase in in-license revenue was primarily attributable to milestones reached on new out-license contracts entered into during the year ended December 31, 2020 for the license of AVT02.

The $28.6 million increase in research and development service revenue was primarily attributable to out-license contracts entered into in the second half of the year ended December 31, 2019 and during the year ended December 31, 2020 for services provided related to AVT04. These contracts contributed to $24.7 million of revenue recognized during the year ended December 31, 2020. The remaining increase in research and development service

revenue was driven by out-license contracts entered into during the year ended December 31, 2020 for services related to AVT02.

Other income

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Other income	2,833	50,757	(47,924)	(94.4)

Other income decreased by $47.9 million, or 94.4%, from $50.7 million for the year ended December 31, 2019 to $2.8 million for the year ended December 31, 2020. The decrease in other income was primarily driven by the $45.0 million gain recognized during the year ended December 31, 2019 for the contribution of intellectual property to the Joint Venture. Alvotech recognized income for the contribution in the amount of the counterparty's share of the intellectual property due to the fact that no related development costs had been capitalized by Alvotech prior to contributing the intellectual property to the Joint Venture.

Research and development expenses

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
AVT02 development program expenses	42,440	30,655	11,785	38.4%
AVT04 development program expenses	15,148	3,045	12,103	397.5%
AVT06 development program expenses	2,321	302	2,019	668.5%
Salary and other employee expenses	49,043	34,998	14,045	40.1%
Depreciation and amortization	16,358	7,800	8,558	109.7%
Other research and development expenses (1)	22,762	18,757	4,005	21.4%
Total research and development expenses	148,072	95,557	52,515	55.0%

(1) Other research and development expenses include manufacturing costs, facility costs and other operating expenses recognized as research and development expenses during the period. In 2020, other research and development expenses includes the payment made to Lotus Pharmaceutical Co. Ltd., a related party, related to the acquisition of rights for the commercialization of Alvotech's biosimilar Adalimumab product in certain territories in Asia.

Research and development expenses increased by $52.5 million, or 55.0%, from $95.6 million for the year ended December 31, 2019 to $148.1 million for the year ended December 31, 2020. The increase in research and development expense was primarily attributable to an increase of $14.0 million in salary expense as a result of new hires in support of new and existing development programs and ongoing preparation for commercial launch of Alvotech's biosimilar product candidates. Additional drivers include an increase of $12.1 million in AVT04 development program expenses, an increase of $11.8 million in AVT02 development program expenses, $9.3 million of expense related to the acquisition of rights for the commercialization of Alvotech's biosimilar Adalimumab product in certain territories in Asia from Lotus Pharmaceutical Co. Ltd., a related party, an increase of $6.5 million in depreciation and amortization as a result of new equipment put into service and a $2.1 million impairment charge on equipment no longer intended for research and development purposes. These increases were partially offset by a net $3.3 million decrease in miscellaneous research and development expenses.

General and administrative expenses

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
General and administrative expense	58,914	48,566	10,348	21.3

General and administrative expenses increased by $10.3 million, or 21.3%, from $48.6 million for the year ended December 31, 2019 to $58.9 million for the year ended December 31, 2020. The increase in general and administrative expenses was primarily attributable to an increase of $4.3 million in legal expenses, primarily in preparation for, and/or in relation to, litigation with AbbVie in the United States and an increase of $2.7 million related

to external consulting and professional service expenses.

Share of net loss of joint venture

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Share of net loss of joint venture	1,505	192	1,313	683.9

Share of net loss of joint venture increased by $1.3 million, or 683.9%, from $0.2 million for the year ended December 31, 2019 to $1.5 million for the year ended December 31, 2020. The increase in the share of net loss of joint venture was due to an increase in losses incurred by the Joint Venture during the year ended December 31, 2020 as compared to December 31, 2019. The increase in losses incurred by the Joint Venture was due to higher research and development and administrative expenses incurred by the Joint Venture during the year ended December 31, 2020, partially due to the fact that the Joint Venture commenced operations in the first quarter of 2019.

Finance income

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Finance income	5,608	6,932	(1,324)	(19.1)

Finance income decreased by $1.3 million, or 19.1%, from $6.9 million for the year ended December 31, 2019 to $5.6 million for the year ended December 31, 2020. The decrease in finance income was primarily attributable to a decrease of $1.5 million in interest income from cash and cash equivalents due to a reduction in Alvotech's cash balances from December 31, 2019 to December 31, 2020 coupled with a decrease in interest rates during the year ended December 31, 2020. This decrease was partially offset by an increase of $0.2 million in unrealized gains associated with the fair value remeasurement of derivative financial liabilities.

Finance costs

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Finance costs	161,551	158,467	3,084	1.9

Finance costs increased by $3.1 million, or 1.9%, from $158.5 million for the year ended December 31, 2019 to $161.6 million for the year ended December 31, 2020. The increase in finance costs was primarily attributable to an increase of $0.9 million in unrealized losses associated with the fair value remeasurement of derivative financial liabilities, coupled with an increase of $1.8 million in interest on debt and borrowings as result of $50.0 million of additional convertible shareholder loans issued in May 2019, resulting in a full year of interest expense for the year ended December 31, 2020.

Exchange rate differences

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Exchange rate differences	3,215	3,790	(575)	(15.2)

Exchange rate differences decreased by $0.6 million, or 15.2%, from $3.8 million for the year ended December 31, 2019 to $3.2 million for the year ended December 31, 2020. The decrease was primarily driven by a change in financial assets and liabilities denominated in Icelandic Krona and Euros during the year ended December 31, 2020.

Income tax benefit / (expense)

USD in thousands	Year Ended December 31, 2020	2019	Change 2019 to 2020 $	%
Income tax benefit / (expense)	121,726	(491)	122,217	nm

nm = not meaningful, refer to explanation below

Income taxes for the year ended December 31, 2020 resulted in a net credit of $121.7 million compared to income tax expense of $0.5 million for the year ended December 31, 2019. This change was primarily driven by the recognition of a $121.9 million deferred tax asset in 2020 with respect to current year tax losses and unutilized historical losses by Alvotech in 2019 and prior that Alvotech expects will be fully utilized against future taxable profits. Recognition of the deferred tax asset occurred in 2020 due to the increase in forecasted profit, largely driven by an increase in executed out-license contracts with commercial partners in 2020.

Reconciliation of non-IFRS financial measure

In addition to its operating results, as calculated in accordance with IFRS, Alvotech uses Adjusted EBITDA when monitoring and evaluating operational performance. Adjusted EBITDA is defined as profit or loss for the relevant period, as adjusted for certain items that Alvotech management believes are not indicative of ongoing operating performance. The adjusting items consist of the following:

1. Income tax (benefit) expense;
2. Total net finance (income) costs;
3. Depreciation and amortization of property, plant, and equipment, right-of-use assets and other intangible assets;
4. Impairment of property, plant, and equipment and other intangible assets;
5. Long-term incentive plan expense;
6. Share of net loss of joint venture;
7. Exchange rate differences;
8. Gain on extinguishment of SARs liability;
9. Share listing expense;
10. Gain on extinguishment of financial liabilities;
11. Transaction costs incurred in connection with the Business Combination;
12. Gain on contribution of intellectual property; and
13. Acquisition of rights for Adalimumab from Lotus Pharmaceutical Co. Ltd.

Alvotech believes that this non-IFRS measure assists its shareholders because it enhances the comparability of results each period, helps to identify trends in operating results and provides additional insight and transparency on how management evaluates the business. Alvotech's executive management team uses this non-IFRS measure to evaluate financial measures to budget, update forecasts, make operating and strategic decisions, and evaluate performance. This non-IFRS financial measure is not meant to be considered alone or as a substitute for IFRS financial measures and should be read in conjunction with Alvotech's financial statements prepared in accordance with IFRS. Additionally, this non-IFRS measure may not be comparable to similarly titled measures used by other companies. The most directly comparable IFRS measure to this non-IFRS measure is profit/(loss) for the period.

The following table reconciles loss for the period to Adjusted EBITDA for the six months ended June 30 2022, and 2021:

USD in thousands	2022	2021
Loss for the period	(184,471)	(273,947)
Income tax benefit	(17,073)	(25,918)
Total net finance costs	1,438	123,571
Depreciation and amortization	9,977	8,928
Impairment of property, plant and equipment and other intangible assets	—	6,059
Long-term incentive plan expense (1)	5,555	61,201
Share of net loss of joint venture	1,266	837
Exchange rate differences	(4,744)	3,611
Gain on extinguishment of SARs liability (2)	(4,803)	—
Share listing expense (3)	83,411	—
Gain on extinguishment of financial liabilities	—	(2,561)
Transaction costs (4)	21,000	1,150
Adjusted EBITDA	(88,444)	(97,069)

(1) Represents expense related to the long-term incentive plans, reported within general and administrative expenses.

(2) Represents the gain on extinguishment of the SARs liability, reported within general and administrative expenses.
(3) Represents the share listing expense reported within general and administrative expenses, which was recorded in accordance with IFRS 2 as the excess of the fair value of Alvotech shares issued at the Closing Date over the fair value of OACB's identifiable net assets acquired.
(4) Represents transaction costs incurred in connection with the Business Combination, reported within general and administrative expenses.

The following table reconciles loss for the year to Adjusted EBITDA for the years ended December 31, 2021, 2020 and 2019, respectively:

USD in thousands	2021	2020	2019
Loss for the year	(101,504)	(170,044)	(209,876)
Income tax (benefit) expense	(47,694)	(121,726)	491
Total net finance costs	65,793	155,943	151,535
Depreciation and amortization	18,196	16,419	14,607
Impairment of property, plant and equipment	2,092	2,142	—
Impairment of other intangible assets	3,993	—	—
Long-term incentive plan expense (1)	17,955	18,053	22,384
Share of net loss of joint venture	2,418	1,505	192
Exchange rate differences	(2,681)	(3,215)	(3,790)
Gain on contribution of intellectual property (2)	—	—	(45,000)
Acquisition of rights for Adalimumab from Lotus Pharmaceutical Co. Ltd. (3)	—	9,300	—
Gain on extinguishment of financial liabilities	(151,788)	—	—
Transaction costs (4)	12,503	430	—
Adjusted EBITDA	(180,717)	(91,193)	(69,457)

(1) Represents expense related to the long-term incentive plans, reported within general and administrative expenses.
(2) Represents the gain recognized for the contribution of intellectual property to the Joint Venture, reported within other income.
(3) Represent the expense related to the acquisition of rights for Adalimumab from Lotus Pharmaceutical Co. Ltd., reported within research and development expenses.
(4) Represents transaction costs incurred in connection with the Business Combination, reported within general and administrative expenses.

7.7 GOING CONCERN, LIQUIDITY AND CAPITAL RESOURCES

Alvotech has a limited operating history and to date has primarily funded its operations with proceeds from the issuance of ordinary shares and the issuance of loans and borrowings to both related parties and third parties. Alvotech has also incurred recurring losses since inception, including a loss for the period of $101.5 million, $170.0 million and $209.9 million for the years ended December 31, 2021, 2020 and 2019, respectively, and $184.5 million and $274.0 million for the six months ended June 30, 2022 and 2021, respectively. Alvotech had an accumulated deficit of $1,325.0 million, $1,140.5 million and $1,039.0 million as of June 30, 2022 and December 31,, 2021 and 2020, respectively. As of June 30, 2022, Alvotech had cash and cash equivalents, excluding restricted cash, of $128.4 million and current assets less current liabilities of ($39.1) million. Furthermore, while the COVID-19 pandemic has not had, and is not expected to have, a material impact on Alvotech's development and expansion efforts and operations as a whole, the pandemic may in the long-term significantly impact Alvotech's business, biosimilar product development and expansion efforts, corporate development objectives and the value of and market for the Ordinary Shares.

In February and March 2022, Alvotech received $25.0 million from each of Alvogen and Aztiq pursuant to interest free loan advances provided by both related parties. In April 2022, Alvotech entered into an additional $40.0 million loan agreement with Alvogen, of which the first installment of $20.0 million was received on April 12, 2022, and the second installment was received on May 9, 2022. In June 2022, Alvotech entered into an additional $20.0 million loan agreement with Alvogen and withdrew the entire loan amount on the same date. In 2022 up to the date of this Prospectus, Alvotech received $52.9 million in milestone payments pursuant to its out-license contracts with commercial partners.

The closing of the Business Combination and the PIPE Financing provided the Group with approximately $129.5 million of cash (after deduction of costs related to the Business Combination including liabilities assumed from OACB) that is expected to be used to finance the continuing development and commercialization of its biosimilar product

candidates. In advance of the closing of the Business Combination and in preparation for redemptions of OACB Class A Ordinary Shares, the Company secured a Standby Equity Purchase Agreement facility from Yorkville for up to $150.0 million. The Company also continues to finalize the terms of a debt facility with Sculptor. The debt facility is currently expected to provide Alvotech with funding between $75.0 million and $125.0 million. Negotiations remain ongoing, which may impact the final terms of the facility. Alvotech's entry into the debt facility with Sculptor is, among other conditions precedent, subject to the negotiation and execution of final documentation in a form that is mutually agreeable to all parties involved and the receipt of necessary approvals. There can be no guarantee that the conditions precedent will be satisfied or that the parties will be able to agree on final documentation. The two facilities are intended to replace redemptions by OACB shareholders that occurred as part of the Business Combination.

Alvotech could potentially receive up to an aggregate of $125.5 million if all of the Warrants are exercised to the extent such Warrants are exercised for cash. The exercise price of the Public Warrants and Private Placement Warrants is $11.50 per warrant. Alvotech believes the likelihood that Warrant holders will exercise their Warrants, and therefore the amount of cash proceeds that Alvotech would receive, is dependent upon the trading price of the Ordinary Shares. If the trading price for the Ordinary Shares is less than $11.50 per share, Alvotech believes holders of the Public Warrants and Private Placement Warrants will be unlikely to exercise their Warrants. To the extent that the Warrants are exercised on a "cashless basis," the amount of cash Alvotech would receive from the exercise of the Warrants will decrease. Alvotech believes that based on the current trading prices of its Ordinary Shares and the substantial percentage of its outstanding Ordinary Shares that is being offered for resale in this prospectus, it is uncertain that it will receive cash proceeds from the exercise of the Warrants offered in this prospectus in the next twelve months. Accordingly, Alvotech has not relied upon, and is not dependent upon, the receipt of the cash proceeds from the exercise of the Warrants offered in this prospectus as a source of liquidity to fund its operations in the next twelve months.

In addition to the cash received from related parties, the Business Combination and the PIPE Financing, Alvotech expects to continue to source its financing during the development of its biosimilar product candidates from new and existing out-license contracts with commercial partners, shareholder equity and shareholder and third party debt financing.

However, even with the aforementioned cash received during 2022, management has determined that there is a material uncertainty that may cast significant doubt about Alvotech's ability to continue as a going concern. See Section 1.1.2 of this Prospectus for additional information.

For the foreseeable future, Alvotech's board of directors will maintain a capital structure that supports Alvotech's strategic objectives through managing the budgeting process, maintaining strong investor relations and managing financial risks. Consequently, management and the board of directors believe that Alvotech will have sufficient funds, and access to sufficient funds, to continue in operation for at least the next 12 months and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. However, although management continues to pursue these plans, there is no assurance that Alvotech will be successful in obtaining sufficient funding on terms acceptable to Alvotech management to fund continuing operations, if at all. Alvotech's future capital requirements will depend on many factors, including the following:

- the progress, results, and costs of preclinical studies for any programs that Alvotech may develop;
- the costs, timing, and outcome of regulatory review of program candidates;
- Alvotech's ability to establish and maintain collaborations, licensing, and other agreements with commercial partners on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under the agreements that Alvotech has entered into or may enter into with third parties or related parties;
- the extent to which Alvotech is obligated to reimburse clinical trial costs under collaboration agreements, if any;
- the costs of preparing, filing and prosecuting patent applications and maintaining, defending and enforcing Alvotech's intellectual property rights;
- the extent to which Alvotech acquires or invests in businesses, products, technologies, or other joint ventures;

- the costs of performing commercial-scale manufacturing in-house and, if needed, securing manufacturing arrangements for commercial production of its program candidates; and

- the costs of establishing or contracting for sales and marketing capabilities if Alvotech obtains regulatory approvals to market program candidates.

As of June 30, 2022 and December 31, 2021 and 2020, Alvotech had $559.0 million, $400.9 million and $567.9 million in gross borrowings, respectively, including payment-in-kind interest and accrued interest, through its shareholders and third party investors, as mentioned above. As of September 30, 2022, Alvotech had $443.6 million in gross borrowings.

7.8 MATERIAL CASH REQUIREMENTS FOR KNOWN CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following is a description of commitments for known and reasonably likely cash requirements as of June 30, 2022 and December 31, 2021 and 2020.

Borrowings

Alvotech's debt consists of interest-bearing borrowings from both financial institutions and related parties. Outstanding borrowings as of June 30, 2022 and December 31, 2021, totaled $559.0 million and $400.9 million, including payment-in-kind interest and accrued interest. The timing of these future payments, by year, as well as additional information regarding Alvotech's borrowings and rights conveyed to the lenders, can be found in Note 16 of the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2022.

Convertible shareholder loans

In connection with the Business Combination Agreement, on December 7, 2021, Alvotech's shareholders entered into the BCA Framework Agreement resulting in the exercise of the conversion, warrant and funding rights associated with the convertible shareholder loans in exchange for 4,965,906 Alvotech Holdings Class A ordinary shares. As a result, the convertible shareholder loans were extinguished.

In connection with these exercises, for the year ended December 31, 2021, Alvotech recognized finance income of $48.8 million resulting from the remeasurement of the derivative liabilities at the date of extinguishment and a $149.2 million gain on extinguishment of financial liabilities, which primarily reflects the difference between the carrying amount of the pre-transaction convertible shareholder loans and the related derivative financial liabilities and the fair value of the ordinary shares issued.

The total outstanding balance on the shareholder loans, including payment-in-kind interest added to the principal, was $171.5 million as of December 31, 2020. Accrued interest on the shareholder loans was $6.1 million as of December 31, 2020.

See Section 10.3 (*Related Party Transactions*) of this Prospectus for more information.

Senior Bonds

On 14 December 2018, Alvotech Holdings issued $300.0 million in convertible bonds. The offering included $125.0 million of Tranche A bonds (the "**Tranche A Senior Bonds**") that included a guarantee from Alvogen and a 10% bonus if the bondholders converted at the time of the IPO. In addition, $175.0 million of Tranche B bonds (the "**Tranche B Senior Bonds**" and together with the Tranche A Senior Bonds, the "**Senior Bonds**") which includes, for the avoidance of doubt, the additional bonds issued in June 2021 as further described below) were issued that did not have a guarantee but included a 25% bonus if the bondholders elected to convert at the time of an IPO. The bonds offered a 15% payment-in-kind interest rate and a put option to sell the bonds back to Alvotech if an IPO had not occurred within three years from the original date of issuance.

On June 24, 2021, holders of Senior Bonds converted $100.7 million of principal and accrued interest and $4.8 million of additional premium offered by Alvotech to the bondholders into 455,687 Alvotech Holdings Class A ordinary shares. Following the conversion, certain bondholders elected to redeem their remaining bonds for cash, resulting in the

payment of $51.1 million in outstanding principal and accrued interest plus an additional $6.1 million of premium that the bondholders elected to be paid in cash. The remaining unconverted and unredeemed Senior Bonds were rolled over into new bonds with an extended maturity of June 2025 and the elimination of conversion rights, among other amendments to the terms and conditions. Such Senior Bonds, including an additional premium of $2.6 million and an extension premium of $8.1 million offered to the bondholders in the form of additional bonds, approximated $280.9 million. Alvotech Holdings also issued an additional $113.8 million of Senior Bonds to one previous bondholder and one new bondholder.

In January and June of 2022, the Alvotech Holdings amended the terms of the outstanding bonds. The amendments resulted in the interest rate on the bonds ranging from 7.5% to 10.0%, depending on the amount of aggregate net proceeds, following the closing of the Business Combination. Additionally, the Company made a payment of a $5.0 million consent fee to the bondholders who did not vote against the Business Combination Agreement. The payment was made in July 2022. The amendment also included a requirement for Alvotech to maintain a minimum of $25.0 million of restricted cash in a separate liquidity account. As a result of the closing of the Business Combination, there was a change in cash flows on the bonds related to the increase in interest rate from 7.5% to 10.0%. The Company remeasured the carrying value in accordance with IFRS 9 to the present value of the revised cash flows and recognized a $6.5 million loss on the remeasurement of the bonds.

The outstanding principal balance on the bonds was $432.9 million as of June 30, 2022. Accrued interest on the bonds was $1.7 million as of June 30, 2022.

On November 16 2022, Alvotech and the Senior Bonds holders amended and restated certain terms and conditions of the Senior Bonds and issued new senior bonds in an aggregate principal amount equal to $70 million. The new senior bonds were issued subject to the terms of the existing Senior Bonds, as amended and restated.

As per such amendment and restatement of the Senior Bonds, the coupon rate applicable to the Senior Bonds is 12.00% per annum, that, subject to certain step down provisions, may be lowered to 11.375% (if Alvotech raises more than $75.0 million but less than $150.0 million in net proceeds from the issuance of new equity by March 31, 2023) or 10.75% (if Alvotech raises more than $150.0 million in net proceeds from the issuance of new equity by March 31, 2023). This step down provision is subject to certain further conditions, including the FDA approval of a biologics license application for AVT02 on or before March 31, 2023.

Alvotech shall use commercially reasonable endeavors to raise new funding through issuance of additional shares (by way of ordinary shares, structured equity and/or preference shares) and/or subordinated and unsecured convertible bond(s), for net proceeds of at least $75.0 million by 15 December, 2022, and another $75.0 million by 31 March 2023. If Alvotech fails to raise at least $75.0 million by 15 December, 2022, Alvotech is required to grant penny warrants representing 1.5% of the ordinary share capital to the Senior Bond bondholders, and if Alvotech fails to raise another $75.0 million by 31 March 2023, Alvotech is required to grant penny warrants representing 1.00% of the ordinary share capital to the Senior Bond bondholders. Each warrant will entitle the bondholders, upon exercise, to receive from Alvotech one fully paid and non-assessable ordinary share of Alvotech, at the exercise price of one cent ($0.01) per share.

For interest accrued until (and including) 15 December, 2023, Alvotech has the option to elect that interest accrued in excess of 8.50% per annum be capitalized and added to the outstanding principal amount of the Senior Bonds then outstanding. Interest accrued as of (and including) 16 December, 2023 will be payable in cash in arrears on each coupon payment date.

The Senior Bond bondholders will be entitled to appoint one board observer to receive all information provided to, and attend meetings of, Alvotech's board of directors (and any committees or groups thereunder).

Other borrowings

In 2015 and 2016, Alvotech entered into multiple loan agreements with a financial institution, Landsbankinn hf., for a total principal amount of $25.9 million. Per the terms of the loan agreements, the loans mature in late 2023 and the second half of 2024, depending on the issuance date of each loan. Interest on the loans is variable 1 month USD LIBOR plus 4.95%, payable on a monthly basis. Interest accrued and unpaid at the end of each interest period increases the principal obligations owed by Alvotech to the financial institution. The outstanding principal balance on these borrowings was $4.4 million as of June 30, 2022, and $5.7 million as of December 31, 2021. Accrued interest on these borrowings was not material as of June 30, 2022 and December 31, 2021.

In 2019, Alvotech entered into two loan agreements with two separate lenders, University Science Park and Lykill fjarmognun hf. The outstanding principal balance on the borrowings held with University Science Park, including accrued interest, was $0.7 million as of June 30, 2022. The loan matures in late 2029. The outstanding principal balance on the borrowings held with Lykill fjarmognun hf., including accrued interest, was $0.1 million as of June 30, 2022. The loan matures in early 2024.

In 2021, Alvotech entered into two loan agreements with two separate lenders, Origo hf. and Arion banki hf. The outstanding principal balance on the borrowings held with Origo hf., including accrued interest, was $0.2 million as of June 30, 2022. The loan matures in early 2024. The outstanding principal balance on the borrowings held with Arion banki hf., including accrued interest, was $0.1 million as of June 30, 2022. The loan matures in late 2023.

On February 22, 2022, the Group entered into a credit facility agreement with Landsbankinn hf. with the ability to draw down an amount up to $18.3 million. The credit facility is in place to help finance equipment purchases in the future. As of June 30, 2022, the outstanding balance on the credit facility was $7.6 million.

On February 22, 2022, the Group entered into a loan agreement with Landsbankinn hf. for a principal amount of $3.2 million. The loan is in place to help finance equipment purchases. As of June 30, 2022, the outstanding balance on the loan was $3.1 million.

Loans from related parties

In connection with an undertaking by Alvotech shareholders to ensure that Alvotech was sufficiently funded through the closing of the Business Combination by providing at least $50.0 million for the operations of the Group, Alvogen and Aztiq provided interest free loan advances to Alvotech. On February 22, 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Alvogen, as lender. On March 29, 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million. On 11 March 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Aztiq, as lender.

On March 31, 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million. In July 2022, the Company entered into settlement agreements with both Aztiq and Alvogen for the $25.0 million in related party loans (totaling $50.0 million) that were outstanding as of June 30, 2022. As a result of the settlement agreement, Aztiq and Alvogen each received 2,500,000 Ordinary Shares in full settlement of the loans.

On April 11, 2022, Alvotech, as borrower, entered into an unsecured loan agreement with Alvogen, as lender, for a loan of up to $40.0 million bearing an interest rate of 10% per annum (the "**Alvogen Bridge Loan 1**"). The Alvogen Bridge Loan 1 was drawable in two separate installments of $20.0 million each. On April 12, 2022, Alvotech withdrew the first installment of $20.0 million. Alvotech withdrew a second installment of $20.0 million on May 9, 2022 for aggregate indebtedness of $40.0 million.

On June 1, 2022, Alvotech, as borrower, also entered into a another unsecured loan agreement with Alvogen, as lender, for a loan of $20.0 million bearing an interest rate of 10% per annum (the "**Alvogen Bridge Loan 2**" and together with the Alvogen Bridge Loan 1, the "**Alvogen Bridge Loans**"). Alvotech withdrew the entire loan amount of $20.0 million on June 1, 2022. As of November 16, 2022, the outstanding balance under the Alvogen Bridge Loans was equal to $62.5 million.

On November 16, 2022, Alvotech, as borrower, entered into a subordinated unsecured loan agreement with Alvogen, as lender (the "**Alvogen Facility**"). The Alvogen Facility comprises (i) a cash facility in the form of a backstop financing for drawing by Alvotech in an aggregate principal amount of $50 million (the "**Backstop**"), and (ii) a cashless rollover facility of the Alvogen Bridge Loans in an aggregate principal amount equal to $62.5 million (as further described below). The Alvogen Facility bears an interest rate of 17.50% per annum. The interest rate may be reduced to 15% per annum if Alvotech receives FDA approval for AVT02 and raises $75.0 million in net proceeds from the issuance of new equity by December 15, 2022, and another $75.0 million in net proceeds from the issuance of new equity by 31 March 2023. Interest is payable on June 30 and December 31, of each year and, on the interest payment date, shall be capitalized and added to the outstanding principal amount of the Alvogen Facility then outstanding and will accrue interest at the rate then applicable. Alvotech can draw on the cash facility in one or more installments but no amount repaid or prepaid may subsequently be re borrowed. Alvotech will use the Backstop under the Alvogen Facility if Alvotech has not managed to raise $50.0 million in net proceeds from the issuance of new ordinary equity, preference shares and/or convertible bonds by December 15, 2022 (such raise, a "**Successful New Capital Increase**").

The Alvogen Facility is subordinated to the Senior Bonds and ranks *pari passu* with the Aztiq Convertible Bond (as defined and described below). The outstanding amounts of the Alvogen Facility will become due and payable on December 24, 2025 or if the Senior Bonds have been repaid in full.

In connection with the Alvogen Facility, Alvotech and Alvogen entered into a warrant agreement on November 16 2022 as described below.

On November 16 2022, in connection with the Alvogen Facility described above, Alvotech entered into a warrant agreement (the "**Alvogen Warrant Agreement**") with Alvogen, pursuant to which Alvogen will subscribe for warrants representing up to 4% of the ordinary share capital to Alvogen, allocated for no consideration. Such warrants will be issued, subject to the receipt of the warrant subscription form duly executed by Alvogen, on the Trigger Date (as defined in the Alvogen Warrant Agreement), which is either (i) December 15, 2022, if a Successful New Capital Increase has not occurred on or before that date, or (ii) December 20, 2022 if any amount remains outstanding pursuant to the Alvogen Facility (on that date. Each warrant entitles Alvogen, upon exercise, to receive from Alvotech one fully paid and non-assessable ordinary share of Alvotech, at the exercise price of one cent ($0.01) per share, subject to certain adjustments stipulated in the Alvogen Warrant Agreement. Such warrants shall not entitle the holder to any of the rights provided to the shareholders of Alvotech.

With each drawing under the Alvogen Facility, the number of warrants that may be exercised is increased on a pro rata basis in accordance with the formula set out in the Alvogen Warrant Agreement. The warrants that are exercisable may be exercised for cash only during the exercise period, which commences on the Trigger Date and terminates at the earliest of (i) the liquidation of Alvotech in accordance with Alvotech's articles of association or (ii) five (5) years after the date on which Alvotech issued the warrants. Each warrant not exercised or not exercisable on or before of such expiration date shall become void.

Under the terms of the Alvogen Warrant Agreement, Alvogen is not permitted to transfer any warrants, without the prior consent of Alvotech, unless such transferee is considered a permitted transferee pursuant to the Alvogen Warrant Agreement. The Alvogen Warrant Agreement further provides that, upon the occurrence of certain events, the number of ordinary shares of Alvotech issuable upon exercise of the warrants, may, subject to certain conditions as set out in the Alvogen Warrant Agreement, be adjusted. The Alvogen Warrant Agreement also provides customary registration rights for the ordinary shares of Alvotech underlying the Warrants, but not for the warrants themselves.

On November 16 2022, Alvotech, as buyer, entered into a share purchase agreement (the "**Share Purchase Agreement**") relating to shares in Fasteignafélagið Sæmundur hf. ("**Saemundur**") with ATP Holdings ehf., an affiliate of Aztiq Pharma Partners, as seller (the "**Aztiq Facility Contribution**"). Pursuant to the Share Purchase Agreement, Alvotech is purchasing 99.99% of the shares in Saemundur for a purchase price of $80,000,000 by issuing the Aztiq Convertible Bond, as defined and discussed below. Concurrently with the Share Purchase Agreement, Alvotech hf. entered into a share transfer agreement with Aztiq Pharma ehf. for the purchase of the one remaining share in Saemundur from Aztiq Pharma ehf. for an amount of ISK 10. At the time of closing, Saemundur's only asset was the property where Alvotech's Reykjavik manufacturing and research facility (the "**Facility**") are located.

As a condition precedent to the transaction, Saemundur entered into a loan facility of approx. $50 million with Landsbankinn hf., an Icelandic bank, secured with a first priority mortgage over the Facility (the "**Saemundargata Loan**"). The proceeds of the Saemundargata Loan are to be used to refinance Saemundur's previous indebtedness, release the previous mortgage, and to provide approximately $16 million in additional cash for the Alvotech group. In addition, on November 16, 2022 and as a condition precedent to the Share Purchase Agreement, Saemundur entered into a service agreement with Floki Invest ehf., an affiliate of Aztiq Pharma Partners ("**Floki**") (the "**Saemundur Service Agreement**") pursuant to which Floki will provide certain administrative and financial services to Saemundur for a service fee of ISK 4,500,000 per month. The Saemundur Service Agreement was entered into for an initial term expiring December 31, 2023, which will automatically extend for successive 12-month periods unless the agreement is terminated by either party with three months' prior notice.

On November 16, 2022, Alvotech entered into a subscription agreement and an unsecured, subordinated convertible bond instrument with ATP Holdings ehf., an affiliate of Aztiq Pharma Partners. Pursuant to the subscription agreement, Alvotech agreed to issue, and ATP Holdings ehf. agreed to subscribe for, convertible bonds in an aggregate principal amount equal to $80 million (which can be increased to $105 million (excluding any amount resulting from

capitalization of PIK interest accrued) pursuant to the terms thereof) (the "**Aztiq Convertible Bond**"). The Aztiq Convertible Bond was entered into and issued on cashless basis as consideration for the Aztiq Facility Contribution, described above, and carries an interest of 12.50% per annum. Coupons are payable in six-monthly intervals and each coupon that is accrued shall be capitalized and added to the outstanding principal amount of the bonds then outstanding, will be treated as part of the principal amount of the Aztiq Convertible Bond and will accrue interest.

Bondholders under the Aztiq Convertible Bond have the right to convert their bonds into ordinary shares of Alvotech credited as fully paid on December 31, 2023 and June 30, 2024 or when the bond has been called or put up for redemption, including on the maturity date; provided that each exercise of the conversion right must be with respect to a principal amount of at least $5,000,000, or if such exercise is with respect to all of the Bonds held by the relevant Bondholder and the principal amount of such Bonds is less than $5,000,000, such lesser amount. The conversion price is $10.00 per share, subject to certain adjustments stipulated in the convertible bond instrument.

The Aztiq Convertible Bond will be subordinated to the Senior Bonds described above in the section and payment obligations of Alvotech under the Aztiq Convertible Bond rank at least *pari passu* with the Alvogen Facility.

The Aztiq Convertible Bond matures on November 16, 2025. Alvotech has the option to redeem the bonds, in whole but not in part, prior to the maturity date.

Leases

Alvotech's future undiscounted payments pursuant to lease agreements totaled $171.6 million as of June 30, 2022. The timing of these future payments can be found in Note 10 of the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2022.

Other long-term liability to a related party

Alvotech's other long-term liability to a related party arose from the acquisition of product rights for commercialization of AVT02 (Adalimumab) in China from Lotus Pharmaceutical Co. Ltd., a related party, during the year ended December 31, 2020. Pursuant to the terms of the asset acquisition, Alvotech is required to pay $7.4 million upon the commercial launch of Adalimumab in China.

Purchase obligations

For the six months ended June 30, 2022 and 2021, Alvotech did not have any purchase obligations.

While Alvotech does not have legally enforceable commitments with respect to capital expenditures, Alvotech expects to continue to make substantial investments in preparation for commercial launch of its biosimilar product candidates. Alvotech expects to spend approximately $35.0 to $45.0 million in 2022 and an aggregate of approximately $60.0 million from 2022 to 2024 related to such investments.

7.9 CASH FLOWS

Comparison of the Six Months Ended June 30, 2022 and 2021

	Period Ended June 30,		Change 2021 to 2022	
USD in thousands	**2022**	**2021**	**$**	**%**
Cash used in operating activities	(141,156)	(84,734)	(56,422)	66.6
Cash used in investing activities	(41,504)	(6,972)	(34,532)	495.3
Cash generated from financing activities	293,535	102,001	191,534	187.8

Operating activities

Net cash used in operating activities increased by $56.4 million, or 66.6%, from $84.7 million for the six months ended June 30, 2021 to $141.2 million for the six months ended June 30, 2022. The increase reflected the $89.5 million decrease in loss for the period, a $12.4 million decrease in interest paid, a $100.7 million decrease in non-cash operating costs and a $57.3 million increase in cash used in working capital.

The decrease in non-cash operating costs was primarily driven by a $122.1 million decrease in total net finance costs and a $55.6 million decrease in long-term incentive plan expense and a $6.1 million increase in impairment charges on certain non-current assets. These were partially offset by the $83.4 million in share listing expense recognized as a result of the Business Combination.

The increase in cash used in working capital was primarily driven by a $40.9 million increase in contract assets, a$36.2 million decrease in contract liabilities, and a $8.0 million decrease in other liabilities. These were partially offset by a $29.2 million decrease in trade receivables. The increase in contract assets and decrease in contract liabilities and was driven by the timing of cash collections from Alvotech's partners pursuant to out-license contracts. The increase decrease in trade receivables is due to the payments received from customers due to the achievement of milestones pursuant to out-license contracts.

Investing activities

Net cash used in investing activities increased by $34.5 million, or 495.3%, from $7.0 million for the six months ended June 30, 2021 to $41.5 million for the six months ended June 30, 2022. The increase was primarily driven by a $10.8 million increase in cash outflow for the acquisition of property, plant and equipment and $9.3 million in cash outflow for the acquisition of intangible assets during the six months ended June 30, 2022. Additionally, the Group recognized a $14.9 million cash outflow resulting from the amended bond agreement, whereby Alvotech is required to maintain a minimum of $25.0 million of restricted cash in a separate liquidity account.

Financing activities

Net cash generated from financing activities increased by $191.5 million, or 187.8%, from $102.0 million for the six months ended June 30, 2021 to $293.5 million for the six months ended June 30, 2022. The increase was primarily attributable to the $169.4 million in proceeds from the PIPE financing, $9.8 million in proceeds from the Business Combination, and $110.0 million in proceeds from loans from related parties. These increases were offset by a $103.5 million decrease in net proceeds from new borrowings for the six months ended June 30, 2022.

Comparison of the Years Ended December 31, 2021 and 2020

	Year Ended December 31,		*Change* 2020 to 2021	
USD in thousands	**2021**	**2020**	**$**	**%**
Cash used in operating activities	(228,170)	(74,295)	(153,875)	207.1
Cash used in investing activities	(40,633)	(16,903)	(23,730)	140.4
Cash generated from financing activities	254,831	55,402	199,429	360.0

Operating activities

Net cash used in operating activities increased by $153.9 million, or 207.1%, from $74.3 million for the year ended December 31, 2020 to $228.2 million for the year ended December 31, 2021. The increase was driven by a $160.8 million decrease in non-cash operating costs, a $39.3 million decrease in cash flows from operating working capital and a $22.3 million increase in interest paid, partially offset by a $68.5 million decrease in net loss for the year.

The decrease in non-cash operating costs was primarily driven by a $151.8 million gain on extinguishment of financial liabilities and a $90.2 million increase in net finance income, partially offset by a $74.0 million decrease in tax benefit and a $4.0 million increase in impairment charges.

The decrease in cash flows from operating working capital was primarily driven by a net decrease in cash flows from customers of $26.2 million, comprised of changes in trade receivables, contract assets and contract liabilities, due to the timing of milestone achievement and customer payments and a net decrease in cash flows of $25.9 million due to purchases of inventory in preparation for commercial launch of AVT02. These decreases were partially offset by a

net increase in cash flows of $12.1 million due to the timing of payments to Alvotech's vendors.

Investing activities

Net cash used in investing activities increased by $23.7 million, or 140.4%, from $16.9 million for the year ended December 31, 2020 to $40.6 million for the year ended December 31, 2021. The increase was primarily driven by a $15.7 million increase in cash outflows for intangible assets, which include the acquisition of intellectual property rights from Biosana and the development of software, and a $13.0 million increase in purchases of property, plant and equipment during the year ended December 31, 2021. These increases were partially offset by a $5.0 million investment in the Joint Venture made in 2020 that did not reoccur in 2021.

Financing activities

Net cash generated from financing activities increased by $199.4 million, or 360.0%, from $55.4 million for the year ended December 31, 2020 to $254.8 million for the year ended December 31, 2021. The increase was primarily attributable to a $151.5 million increase in proceeds on issue of equity shares and an $83.8 million increase in proceeds from new borrowings during the year ended December 31, 2021, partially offset by a $34.6 million increase in cash outflows related to the redemption and repayments of borrowings during the year ended December 31, 2021.

Comparison of the Years Ended December 31, 2020 and 2019

	Year Ended December 31,		Change 2019 to 2020	
USD in thousands	**2020**	**2019**	**$**	**%**
Cash used in operating activities	(74,295)	(88,548)	14,253	16.1
Cash used in investing activities	(16,903)	(12,876)	(4,027)	(31.3)
Cash generated from financing activities	55,402	116,370	(60,968)	(52.4)

Operating activities

Net cash used in operating activities decreased by $14.3 million, or 16.1%, from $88.5 million for the year ended December 31, 2019 to $74.3 million for the year ended December 31, 2020. The decrease reflected the $39.8 million decrease in loss for the year, for the reasons described above, and a $46.3 million increase in cash flows from operating working capital, partially offset by a $71.3 million decrease in non-cash operating costs.

The increase in cash flows from operating working capital was primarily driven by a $21.8 million decrease in trade receivables from 2019 to 2020 as compared to a $21.9 million increase in trade receivables from 2018 to 2019. The decrease in trade receivables as of December 31, 2020 was attributable to cash collections from Alvotech's commercial partners pursuant to out-license contracts.

The decrease in non-cash operating costs was driven by a $121.7 million tax benefit recognized during the year ended December 31, 2020 and a $4.3 million decrease in long-term incentive plan expenses. These decreases were partially offset by a $4.0 million increase in depreciation, amortization and impairment charges, a $3.1 million increase in total finance costs and the non-recurring $45.0 million gain recognized on the contribution of intellectual property to the Joint Venture during the year ended December 31, 2019.

Investing activities

Net cash used in investing activities increased by $4.0 million, or 31.3%, from $12.9 million for the year ended December 31, 2019 to $16.9 million for the year ended December 31, 2020. The increase was primarily driven by a $3.6 million increase in cash outflows for the development of software and a $0.3 million increase in purchases of property, plant and equipment during the year ended December 31, 2020.

Financing activities

Net cash generated from financing activities decreased by $61.0 million, or 52.4%, from $116.4 million for

the year ended December 31, 2019 to $55.4 million for the year ended December 31, 2020. The decrease was primarily attributable to an $83.8 million decrease in proceeds from new borrowings during the year ended December 31, 2020, partially offset by a $21.4 million decrease in cash outflows related to the redemption and repayments of borrowings during the year ended December 31, 2020.

7.10 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Alvotech is exposed to market risks that may result in changes of foreign currency exchange rates and interest rates, as well as the overall change in economic conditions in the countries where Alvotech conducts business. of June 30, 2022 and December 31, 2021, Alvotech had cash and cash equivalents of $128.4 million and $17.6 million, respectively, excluding restricted cash. Alvotech's cash and cash equivalent include both cash in banks and cash on hand.

Foreign currency exchange risk

Alvotech is subject to foreign exchange risk in its operations, as a majority of its financial assets and financial liabilities are denominated in currencies other than Alvotech's functional currency, the USD. Any strengthening or weakening of Alvotech's significant foreign currencies against the USD could impact the measurement of financial instruments in a foreign currency and affect equity. Alvotech's significant asset and liabilities denominated in foreign currencies as of June 30, 2022 and December 31, 2021 are denominated in EUR, GBP, ISK and CHF. Alvotech analyzes at the end of each year the sensitivity to foreign currency exchange changes. Specifically, Alvotech has performed an analysis to understand the impact of an increase or decrease of a 10% strengthening or weakening of each significant foreign currency, keeping all other variables consistent, as of December 31, 2021. Through this analysis, Alvotech notes that the only foreign currency that had a material impact was ISK, while all other currencies did not significantly fluctuate. Refer to Note 25 of the audited consolidated financial statements included elsewhere in this prospectus for further information.

Interest rate risk

Alvotech's interest-bearing investments and borrowings are subject to interest rate risk. Alvotech's exposure to the risk of fluctuations in market interest rates primarily relates to the cash in bank that is denominated with floating interest rates. Alvotech analyzes at the end of each year the sensitivity to interest rate changes. Specifically, Alvotech has performed an analysis to understand the impact of an increase or decrease of a one hundred basis point on the interest rates, keeping all other variables consistent, as of June 30, 2022 and December 31, 2021. Through this analysis, Alvotech notes that the impacts of the interest rate sensitivity did not have a significant effect on loss before tax.

7.11 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Alvotech has prepared its financial statements in accordance with IFRS. The preparation of these financial statements requires Alvotech to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and related disclosures at the date of the financial statements, as well as revenue and expense recorded during the reporting periods. Alvotech evaluates its estimates and judgments on an ongoing basis. Alvotech bases its estimates on historical experience and other relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. While Alvotech's significant accounting policies are described in more detail in Note 2 of the audited consolidated financial statements as of December 31, 2021 and for the three years ended December 31, 2021 included elsewhere in this Prospectus, Alvotech believes the following accounting policies to be critical to the judgments and estimates used in the preparation of its consolidated financial statements.

Revenue recognition

The majority of Alvotech's revenue is generated from long-term out-license contracts which provide the partner with an exclusive right to market and sell products in a particular territory once such products are approved for

commercialization. These contracts typically include Alvotech's commitments to continue development of the underlying compound and to provide supply of the product to the partner upon commercialization. License revenue is recognized at a point in time, generally upon execution of the contract with the partner, while research and development and other service revenue is recognized over time.

The consideration to which Alvotech is entitled pursuant to these contracts generally includes upfront payments and payments based upon the achievement of development and regulatory milestones. All contracts include a potential refund obligation whereby Alvotech must refund the consideration paid by the partner in the event of a technical failure or the occurrence of certain other matters that result in partial or full cancellation of the contract. As such, the entire transaction price is comprised of variable consideration, which is estimated using the most likely amount method due to the binary nature of the outcomes under these contracts. Such variable consideration is included in the transaction price only when it is highly probable that doing so will not result in a significant reversal of cumulative revenue recognized when the underlying uncertainty associated with the variable consideration is subsequently resolved.

The standalone selling prices of the development services and the license to intellectual property are not directly observable and, therefore, are estimated. The standalone selling price of the development services is estimated using the expected cost plus a margin approach, using various data points such as the underlying development budget, contractual milestones, and performance completed at the time of entering into the contract with a partner. The standalone selling price of the license is estimated using the residual approach on the basis that the Alvotech licenses intellectual property for a broad range of amounts and has not previously licensed intellectual property on a standalone basis. Therefore, Alvotech first allocates the transaction price to the development services and subsequently allocates the remainder of the transaction price to the license.

Valuation of derivative financial instruments

Alvotech recognized derivative financial liabilities related to the equity conversion features within its convertible bonds and convertible shareholder loans and also recognized derivative financial liabilities related to warrant rights and funding rights granted to holders of the convertible shareholder loans. The fair values of the derivative liabilities were determined using an option pricing-based approach that incorporated a range of inputs that are both observable and unobservable in nature. The unobservable inputs used in the initial and subsequent fair value measurements for the equity conversion rights, warrant rights and funding rights predominantly relate to (i) the fair value of Ordinary Shares, (ii) the volatility of the Ordinary Shares, (iii) a risk-adjusted discount rate corresponding to the credit risk associated with the repayment of the host debt instruments, and (iv) the probabilities of each derivative being exercised by the holder and the timing of such exercises. The probabilities are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The assumptions underlying the valuations represent Alvotech's best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if Alvotech used significantly different assumptions or estimates, its finance costs for prior periods could have been materially different.

Valuation of share appreciation rights

Alvotech has issued to certain current and former employees SARs that require settlement in connection with the occurrence of specified, future triggering events. The award holders retain their vested awards upon termination of employment. Pursuant to the terms of the awards, Alvotech cannot avoid paying cash to settle the awards and, therefore, SARs are classified as liabilities in the consolidated statements of financial position. Accordingly, SARs are recorded at fair value and are subsequently remeasured each reporting period with the change in fair value reflected as a gain or loss in the consolidated statements of profit or loss and other comprehensive income or loss, as appropriate.

Given the absence of a public market, Alvotech is required to estimate the fair value of the awards at the time of each grant, using objective and subjective factors in determining the estimated fair value. The fair value of the SARs is determined using the Black-Scholes-Merton pricing model. The significant assumptions used in the valuation include risk-free interest rate, volatility rate, expected dividend yield, expected life, share price at valuation, and strike price. Alvotech has determined the value of its share price based on interpolating from the valuations in its recent external equity financing rounds.

The assumptions underlying the valuations represent Alvotech's best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if Alvotech used significantly different

assumptions or estimates, its compensation expense for prior periods could have been materially different.

Valuation of deferred tax assets

Alvotech recognizes deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against the deductible temporary differences that can be utilized after consideration of all available positive and negative evidence. Estimation of the level of future taxable profits and the application of relevant jurisdictional tax legislation regarding loss expiry rules, non-deductible expenses, and other guidance are required in order to determine the appropriate carrying value of deferred tax assets.

Alvotech's estimation of the level of future taxable profits is primarily driven by an evaluation of executed out-license contracts and the expected timing of revenue recognition from such contracts. Alvotech considers the amount of revenues that relate to the various phases of development for its biosimilar product candidates, with greater certainty attributed to revenues earned upon contract execution and before later-stage clinical trials and no certainty attributed to revenues that relate to future sales targets on the basis that such amounts are dependent on events that are not within Alvotech's control. These forecasts are also evaluated to incorporate potential uncertainty associated with the amount and timing of expected future revenues, driven by factors such as potential competition and the inherent risk associated with biosimilar product development.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Recognition of Alvotech's deferred tax asset occurred in 2020 due to the increase in forecasted profit, largely driven by an increase in executed out-license contracts with commercial partners in 2020.

Accounting for the Joint Venture

As noted above, Alvotech currently holds a 50% ownership interest in the Joint Venture. Alvotech's investment in the Joint Venture requires Alvotech to evaluate whether it controls the entity. To do so, Alvotech evaluated whether its voting rights are sufficient to provide Alvotech with the practical ability to direct the relevant activities of the Joint Venture unilaterally, since it does not hold a majority of the voting rights in the entity. Alvotech considered the fact that both Alvotech and Changchun High & New Technology Industries (Group) Inc., a Chinese corporation (the "**Joint Venture Partner**") have equal representation on the board of directors and, as such, have joint authority in significant decision-making to direct the relevant activities and strategic objectives of the Joint Venture. Therefore, Alvotech concluded that it does not control the Joint Venture and, as a result, Alvotech accounts for its investment in the Joint Venture using the equity method of accounting.

If Alvotech had concluded that it controls the Joint Venture, the Joint Venture would have been classified as a subsidiary and Alvotech would have consolidated the Joint Venture's assets, liabilities and results of operations within its consolidated financial statements.

7.12 RECENT ACCOUNTING PRONOUNCEMENTS

For information on the standards applied for the first time as of January 1, 2021, please refer to Note 3 of the audited consolidated financial statements as of December 31, 2021 and for the three years ended December 31, 2021 included elsewhere in this Prospectus. For information on the standards applied for the first time as of January 1, 2022, please refer to Note 4 of the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2022.

7.13 MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with the preparation of its audited consolidated financial statements as of December 31, 2021, Alvotech identified material weaknesses in the design and operating effectiveness of its internal control over financial reporting. Upon identifying the material weaknesses, Alvotech began taking steps intended to address the underlying causes of the control deficiencies in order to remediate the material weaknesses, which included the implementation of new tools and controls, engagement of outside consultants to develop remediation plans, provide training to control owners and plans to implement a new enterprise resource planning system and automated controls. Alvotech will continue

its remediation efforts, including:

- implementing a compliance tool to provide workflow and electronic approval capabilities as well as to maintain control evidence;
- engaging outside consultants to assist in evaluating the internal controls and developing a remediation plan to address the control deficiencies;
- implementing entity level and business process-level controls to mitigate the key risks identified;
- implementing a new ERP system; and
- hiring more accounting resources.

See Section 1.1.3 of this Prospectus for more information.

8. BUSINESS OVERVIEW

8.1 Our Mission

Our mission and vision is to enhance sustainability of the global healthcare system and improve patient access by providing lower cost alternatives (biosimilars) to high priced biologic medicines. To realize this vision, we intend to become a world leader in the biosimilars market.

Biologic medicines produced from living cells have revolutionized and continue to transform the treatment of conditions from autoimmune diseases to cancer. The high cost of many brand-name reference products put them beyond the reach of millions of patients and threaten the sustainability of healthcare systems globally. We believe that one solution is high-quality biosimilars—which much like generic drugs provide a medically equivalent but more cost-effective alternative to reference biologic medicines—and their efficient and systematic development as the patent exclusivity of reference products expires.

Over the past nine years, we have built a distinctive integrated, scalable platform focused exclusively on developing and manufacturing biosimilars that we believe positions us to serve as a central engine for advancing this vision globally. By executing on our strategy, we aim to ensure that life-saving and life-changing treatments will be available to as many of those who need them as possible, not just to those who can afford the original branded versions. In addition to our current pipeline of eight product candidates, we believe that our platform approach, experienced team, network of global partners, and vast potential product targets will allow us to serve a social purpose that is directly aligned with creating value for shareholders.

As an enterprise, we have worked to put Alvotech into a distinctive position, ahead of what is an increasingly compelling set of industry tailwinds. We anticipated the platform opportunity in biosimilars and founded our Company nine years ago to capture that opportunity. Since then, the biologics market, the market we intend to target for the foreseeable future, has continued to expand and mature. The biosimilars market has matured rapidly in tandem, as physicians, payors, and patients become more accepting of and increasingly demand lower cost, therapeutically equivalent treatments to well-known biologics medicines. Similarly, the biosimilars regulatory framework, in which we intend to navigate globally, has also matured. This has created more certainty in approval pathways and opened new avenues for differentiation, including that of interchangeability for biosimilars in the U.S. market. Since our founding in 2013, we have invested nearly $1 billion and today have an advancing and expanding product portfolio built on a fully integrated infrastructure, one that is distinctive and exclusively dedicated to realizing the commercial and medical potential of biosimilars.

8.2 Company Overview

Alvotech is a vertically integrated biotech company focused solely on the development and manufacture of biosimilar medicines for patients worldwide. Our purpose is to improve the health and quality of life of patients around the world by improving access to proven treatments for various diseases. Since our inception, we have built our company with key characteristics we believe will help us capture the substantial global market opportunity in biosimilars: a leadership team that has brought numerous successful biologics and biosimilars to market around the world; a purpose-built biosimilars R&D and manufacturing platform; top commercial partnerships in global markets; and a diverse, expanding pipeline addressing many of the biggest disease areas and health challenges globally. Alvotech is a company committed to constant innovation: we focus our platform, people and partnerships on finding new ways to drive access to more affordable biologic medicines.

Much as generics do for off-patent small-molecule drugs, biosimilars provide a cost-effective alternative with no clinically meaningful difference to biologic medicines whose patent exclusivity has expired. Many patient, policy, industry and regulatory organizations share Alvotech's view that the availability of quality, affordable biosimilars is critical to the long-term sustainability of health systems and medical innovation globally. Cost savings generated by biosimilars can be used to treat more people and to sustain the cost of investment in the next generations of innovative therapies. Alvotech sees both the discovery of novel therapies, which is the focus of many biopharmaceutical companies, and innovating access to medicines, which is Alvotech's core focus, as critical to the purpose of the pharmaceutical industry as a whole - to deliver breakthrough, life-changing medicines to as many patients as possible, whoever and wherever they are.

The market for biologic medicines has grown rapidly in the past fifteen years. In the five years from 2006 to 2010, 23 novel biologic products were approved by the FDA; in the five years from 2016 to 2020, there were 60 novel

biologic approvals in the U.S. market alone and from 2020 to 2026, the global biologics market is forecasted to more than double in size, from approximately $288 billion to approximately $582 billion. Alvotech believes it is well-positioned to succeed in this rapidly growing market. It intends to apply the infrastructure it has systemically developed to navigate the inherent complexity of developing biosimilars to select target originator biologics that will lose patent protection in the years ahead. In so doing, Alvotech aims to enable more patients to afford the medicines they need and to reduce the cost of biologic medicines to healthcare system globally.

Alvotech aims to achieve its mission by becoming a leading supplier of biosimilars globally. To do this, Alvotech has built a distinctive and comprehensive platform for developing and manufacturing biosimilars at scale. Alvotech's platform is designed to enable it to execute the product development and scale-up process in-house: from identifying therapeutic areas and target product candidates with significant unmet patient and market need through R&D, leveraging gold-standard host cell lines, cell-culture processes and GMP manufacturing, clinical testing, and regulatory approvals. In order to give its products global reach with local expertise, Alvotech has formed strategic commercialization partnerships with leading pharmaceutical companies covering global markets. Alvotech licenses its intellectual property to partners in exchange for milestone payments and royalties. Thus far, Alvotech has executed agreements with the potential for milestone payments of up to $1,075 million under these partnerships.

Developing and manufacturing biosimilars is a time-consuming, capital intensive, complex and historically uncertain undertaking. The high barrier-to-entry has given rise to a competitive landscape comprised principally of large pharmaceutical companies with biosimilar divisions and independent regional firms. Since Alvotech's founding in 2013, it has invested approximately $1 billion in developing its highly integrated capabilities and advancing its candidates through development and towards market launch. Alvotech believes its singular focus on biosimilars, investment in its platform, and global market reach endow it with a differentiated set of strategic advantages in a dynamic and competitive marketplace. These advantages include substantial control over quality and capacity allocation; the ability to find and exploit operational and process efficiencies across R&D and manufacturing; and the agility to rapidly, flexibly and efficiently pursue new product opportunities to advance a broad portfolio of product candidates. Alvotech believes these advantages expand its opportunity set and support its goals of accelerating the development of cost-effective biosimilars that are highly similar to and with no clinically meaningful differences from its target reference products, and then getting them to the patients around the world who need them.

Alvotech currently has eight product candidates in its pipeline for serious diseases with unmet patient and market need. Product candidates in our pipeline address reference products treating autoimmune, eye, and bone disorders, as well as cancer, with combined estimated peak global sales of originator products of more than $85 billion.

- Alvotech's most advanced product is AVT02, the company's high-concentration biosimilar to Humira (adalimumab), the world's top-selling pharmaceutical product with over $20.7 billion in global revenue in 2021. Alvotech received approval for AVT02 for Europe in November 2021 and for Canada and the UK in January 2022. In April 2022, Alvotech's commercial partner, JAMP Pharma, launched AVT02 under the name SIMLANDI in Canada. In June 2022, Alvotech's commercial partner, STADA, launched AVT02 under the name Hukyndra in selected European countries, including France, Germany, Austria, Lithuania, Estonia, Slovakia, Finland, and Sweden. Commercial launches in further European countries are scheduled over the coming months.

In September 2020, Alvotech submitted its biologics license application for AVT02 to the FDA and in September 2021, the FDA notified Alvotech it had elected to defer the application. The FDA can defer action when no deficiencies have been identified and the application otherwise satisfies the requirements for approval, but a pre-approval inspection(s) is necessary yet cannot be completed due to factors including travel restrictions. In February 2022, the FDA communicated that it had accepted Alvotech's BLA supporting interchangeability for review. In September 2022, Alvotech announced that it had received communication from the FDA detailing its assessment of the March 2022 inspection of Alvotech's manufacturing facility in Reykjavik, Iceland and Alvotech's subsequent written responses to the FDA. The FDA's complete response letter to the initial biosimilar BLA for AVT02 noted certain deficiencies and stated that satisfactory resolution of the deficiencies is required before FDA may approve this first-filed BLA. Alvotech is working collaboratively with FDA to resolve these issues and to date the agency has not indicated that this complete response letter will impact the interchangeable BLA. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie settled all U.S. litigation arising out of the development of Alvotech's adalimumab biosimilar, and the filing of the corresponding BLA with the FDA. Subject to regulatory approval from the FDA, Alvotech expects to launch AVT02 in the United States on July 1 2023.

- In May 2022, Alvotech reported positive topline results from two clinical studies for its second product candidate, AVT04, a proposed biosimilar to Stelara (*ustekinumab*). Alvotech submitted marketing applications in major markets including the U.S. and EU for AVT04 in the second half of 2022.

- Alvotech's three other most advanced product candidates, AVT06, AVT03, and AVT05, are proposed biosimilars to Eylea (aflibercept), Prolia/Xgeva (denosumab) and Simponi/Simponi ARIA (golimumab), respectively. Alvotech announced the initiation of clinical programs for AVT06 and AVT03 in July 2022.

- In December 2021, Alvotech entered into a partnership with Biosana for the co-development of AVT23, a biosimilar candidate to Xolair (omalizumab), thereby adding a new product candidate to its pipeline.

- Alvotech also has a number of other programs in earlier phases of development that it plans to advance over the coming years. The two most advanced of these, AVT16 and AVT33, are in early development and with immunology and oncology reference products that have estimated combined global peak sales of approximately $30 billion.

Alvotech has built an end-to-end platform that enables a comprehensive approach to biosimilars. In addition to products developed in-house, Alvotech's pure-play focus allows it to identify and partner with third-parties to in-license or acquire attractive products into its R&D pipeline. By then leveraging the Alvotech platform R&D, manufacturing and global commercial network, Alvotech can be highly strategic in its approach to growth.

8.3 Our History

Alvotech hf. was founded on 24 Janaury 2013 in Reykjavik, Iceland with the aim of creating a highly integrated platform company focused exclusively on developing and manufacturing biosimilars for the global market. Alvotech has a world class management team of proven and highly experienced pharma executives with deep expertise in biologics and biosimilars, led by a visionary founder in Robert Wessman, who serves as Alvotech's chairman. Alvotech represents Robert's third platform in the pharmaceutical sector. Across these three platforms, Robert has led more than 50 strategic acquisitions and partnerships, and established operations in over 60 countries around the globe.

Over the past nine years, Alvotech has invested steadily and methodically in building a fully integrated platform, enabling the company to control quality, cost and speed to market of its developed products, representing a key competitive advantage in the biosimilar business. Alvotech's growth and development can be divided roughly into three periods:

- From 2013 to 2017, Alvotech focused on building out capabilities in its platform, recruiting experienced scientific and technical staff, acquiring key technologies and knowhow, and investing in R&D for its AVT02 program and early-stage target selection to build out its portfolio.

- From 2018 to 2020, with its headquarters, laboratory and manufacturing facility fully operational, Alvotech shifted to commercial readiness and began focusing on broadening and accelerating its pipeline of product candidates; rounding out its global network of commercial partnerships to encompass nearly every major market; and completing the clinical and regulatory steps required to become a commercial stage biosimilars company.

- Since the beginning of 2021, Alvotech has been focused on deploying its platform, advancing its pipeline towards and onto the global marketplace. The company's plan is to commercialize five products by the end of 2025 through our world-class network of partners and to scale up its manufacturing capabilities in China and Iceland.

To support the execution of our strategy, we have continued to bring onboard world-class investors from across the global life sciences, among others CVC Capital Partners, Temasek, Baxter Healthcare SA, YAS Holdings and Athos (the Strüngmann Family Office). These investors have provided the company with funding, made some introductions to new business relationships and have been supporting the company during its build-up phase.

8.4 Our Market Opportunity

Background on Biologics

Biologic medicines (biologics) are complex pharmaceutical products that typically contain one or more active substances made by or derived from a biological source. Conventional medicines are typically chemically synthesized small molecules that are easily identified and characterized; in contrast, biologics are large, complex molecules that require unique characterization techniques and generally tend to be sensitive to heat and microbial contamination. The creation innovation and advancement of biologics are the result of cutting-edge research and these medicines have provided novel treatments for a variety of illnesses such as rheumatoid arthritis, Crohn's disease, ulcerative colitis, psoriasis, multiple sclerosis, age-related macular degeneration, diabetic macular edema and numerous types of cancer. Biologics are designed to have very specific effects and to interact with specific targets in the patient's body, mainly on the outside of cells. A more targeted mechanism of action leads to a greater chance of the medicine having the desired effect against the disease and results in fewer side effects compared to traditional medicines. The effectiveness of biologics has led to an increase of investment in R&D within the pharmaceutical sector for biologic medicines. In 2022, seven of the ten top selling medicinal products globally are biologics (source: IQVIA). Global sales of biologics are expected to overtake that of small molecules in 2027 (source: GlobalData, Analyst Briefing April 28, 2022).

Biologics Overview

- **What is a biologic?**
- Large, complex molecules produced in a living system that treat medical conditions
- Treats chronic and otherwise difficult-to-treat diseases
- **Why is it important?**
- Biologics are a highly efficacious class of products that are growing rapidly and represent 40%+ of US pharma spend (2020)[(1)]
- Biologics are expensive and putting cost pressure on numerous healthcare systems, forcing them to look for lower cost solutions and/or limit access

	Biologics
	
Synthesis	Living system
Uniformity	Complex molecules
Illustrative Size	>20,000 atoms
Manufacturing	Complex (requires handling of cell cultures and living organisms which leads to inherent variability)
Representative Medicines	
2020 % of Total US Pharma Spend[(1)]	**40%**
Biologics 20-26 Sales CAGR	**12%**

Source: Biosimilars council "The Era of Biological Medicines", EvaluatePharma

1. IQVIA institute report, "Biosimilars in the United States 2020 – 2024"

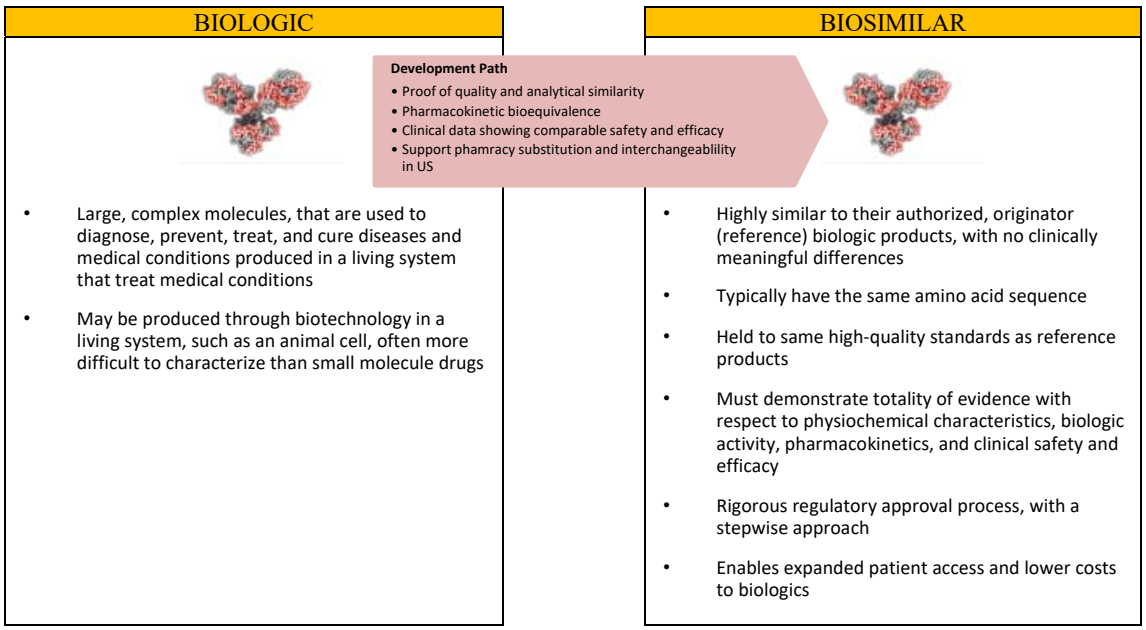
2. Size based on illustrative antibody size

3. Per EvaluatePharma

Background on Biosimilars

A biosimilar is a biological medicine that is highly similar to and has no clinically meaningful differences from an existing approved biological, or reference product. Biosimilars are approved according to the same standards of pharmaceutical quality, safety and efficacy that apply to all biological medicines and typically have the same amino acid sequence.

Biosimilars Are Highly Similar To Biologics, An Important Class Of Medicine



Biosimilars offer a lower cost alternative to their name-brand reference products, and have no clinically meaningful difference in terms of safety, purity or potency when compared to reference products. Because they are designed to be highly similar to already approved biologics, the success rate for developing biosimilars is considerably higher, and the R&D cost proportionally much lower. While the average originator biologic takes an average of 12 years to develop at a cost of more than $2.5 billion, the average biosimilar can usually be developed six to nine years and at a cost of between $100 to 200 million. Further, this is significantly different to generics, which are simpler to manufacture, can typically developed in two years or less at a cost of less than $10 million, and without needing clinical trials.

The availability of biologics and their rapidly increasing prices have forced healthcare systems and payors around the world, public and private alike, into difficult tradeoffs in the effort to balance the best quality of care, accessibility, sustainability and cost. As biosimilars provide a more affordable alternative to payors and patients, they offer the potential to improve the accessibility of many life-altering treatments to many more patients. More broadly, lower costs for existing treatments can make healthcare systems more sustainable and free up resources to pay for the next generation of innovative brand-name therapies, and the R&D infrastructure that sustains future drug discovery. In this way, we believe that biosimilars can also help to sustain the global biomedical innovation ecosystem as a whole.

While biosimilars share similarities with generics, there are significant differences, including the complexity of development and manufacturing. For traditional medications, generic products can generally be considered identical to the branded product in form and function. In the case of biologics and biosimilars, the complexity of a biologic molecule means that the biosimilar product is not identical in form to the branded product, and some variability from the branded reference product is considered inherent to the process. However, there is no clinically meaningful functional difference between a biosimilar and the reference product in safety, purity or potency.

Market Growth

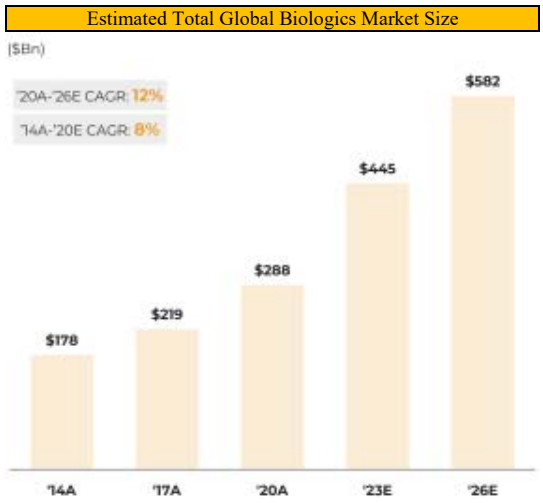
The global biosimilars market is large and has experienced rapid growth, which we believe represents one of the most significant growth opportunities in biotechnology. We believe the rapid growth in the biologics market is a leading indicator for the biosimilar opportunity, of which the critical facets include:

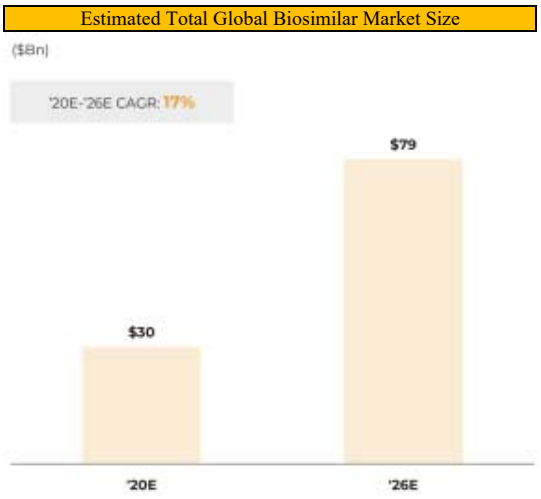
- The growth and success of reference products, FDA approvals for which have more than doubled from 23 between 2006 and 2010 to 60 between 2016 and 2020;
- The high cost and expense burden of these therapies on the healthcare system, with global spending on biologics estimated to increase at a compound annual growth rate ("**CAGR**") of 12% between 2020 and 2026 to approximately $582 billion, and accounting for 40% of pharmaceutical spending in the U.S. in 2020, up from 30% in 2014; and
- The large number of major early biologics that are losing U.S. patent exclusivity, over 35 products between 2018 and 2026, each with more than $1 billion each in annual sales.

Significant Number of Biologic LoEs Pending	
Pre-2018	TYSABRI, Remicade, Neulasta, LANTUS, ERBITUX, EPOGEN
2018	Xolair, Rituxan, HUMIRA, FORTEO
2019	Herceptin, AVASTIN, ADVATE
2020	LUCENTIS
2021	MIRCERA, Stelara
2022	ACTEMRA
2023	Kadcyla, EYLEA, ADCETRIS, VICTOZA
2024	Simponi, ILARIS, Aranesp, CIMZIA
2025	YERVOY, prolia, XGEVA, PERJETA, Benlysta
2026	CYRAMZA, trulicity, KRYSTEXXA, BLINCYTO

Represents patent expiry events in U.S. and the EU markets for products with more than $1 billion in annual sales, with the exception of Blincyto.

The global biologics market is expected to grow at a rapid pace, nearly doubling between 2020 and 2026, from $288 billion to $582 billion.





Source: Evaluate Pharma, Frost & Sullivan

While biologics are being studied for a range of diseases that have limited effective alternative treatment options, their cost can limit access to patients. By offering a therapeutic with no clinically meaningful differences to brand-name reference biologics products at much lower cost, biosimilars offer a direct response to these dynamics and the significant cost pressures they are putting on healthcare providers, insurers and governments. At the same time, they could not only lower the cost of treating current patients but also expand access to people who previously could not afford these therapies. As a result, the biosimilars market is estimated to grow at a 17% CAGR between 2020 and 2026, from $30 billion to $79 billion, outstripping growth in the biologics market, and set to generate $100 billion in drug cost savings between 2020 and 2024 in the U.S. alone.

In addition, the concept of biosimilar interchangeability, under which pharmacists can substitute a biosimilar for a reference product without intervention by the prescribing physician, may further accelerate the growth of the biosimilars market. In the second half of 2021, the FDA approved the first two interchangeable biosimilar products. In August 2022, the FDA approved the third interchangeable biosimilar product. Alvotech intends to selectively pursue interchangeability when appropriate, including for our AVT02 and AVT05 products.

8.5 Our Strategy

Alvotech believes its differentiated strategy enables it to leverage its highly integrated platform to develop and manufacture high quality biosimilars. Alvotech is advancing multiple product candidates towards regulatory approval and has established a global network of partnerships, with the goal of expeditiously delivering its cost-effective biosimilar medicines to patients worldwide. We believe this positions Alvotech to positively impact public health and create significant commercial value streams for the company and its shareholders.

Since Alvotech was founded in 2013, approximately $1 billion has been invested to create a platform singularly focused on biosimilars and optimized for quality, speed, and flexibility. Alvotech's business strategy is underpinned by six key pillars:

- Platform: Invest in and differentiate its platform. At the heart of Alvotech's strategy is its fully integrated biosimilars platform. Alvotech has a 140,000 square feet purpose-built R&D, process, quality, manufacturing and headquarters facility in Reykjavik, expected to be operational in early 2024; cell line, process, analytics and glycoprotein characterization sites in Germany; a regulatory, legal and government affairs office in the United States; and an R&D, clinical, and regulatory strategy center in Switzerland. This infrastructure and know-how enables Alvotech to have a full set of capabilities and control, from analysis of reference products and cell line development through fill-and-finish GMP manufacturing and regulatory approvals. Further, it provides Alvotech the ability to innovate efficiencies in every step of the process and project those cost-savings throughout its portfolio. Alvotech is one of few companies with demonstrated manufacturing capabilities using both of the two most widely-used host cell lines — Chinese hamster ovary ("**CHO**") and SP2/0 — as well as cell culture processes, fed batch and perfusion. These capabilities enable Alvotech to innovate and produce biosimilars that are not only high quality but that can also be manufactured more efficiently. Alvotech believes this represents a

fundamental advantage when competing with both the sponsors of the reference products and other biosimilar companies.

- Portfolio: Evaluate the evolving biologic landscape for the right programs to pursue. With an originator biologics market set to grow to approximately $582 billion by 2026, and the biosimilars market estimated to grow to nearly $80 billion in the same period, a critical part of Alvotech's strategy is to select the reference products and therapeutic areas that will leverage the company's advantages to maximize medical and commercial impact. Alvotech builds its portfolio by adhering to a rigorous set of criteria, including the ability to reach the market early; potential for differentiation through its platform to achieve superior cost and return profiles; commercial partner insights on specific market opportunities; and potential interchangeability.

- Pipeline: Advance high-value product candidates towards launch. The growth of Alvotech's portfolio reflects the strength of its platform. As with its lead product candidates, AVT02, a high concentration formulation of adalimumab, Alvotech aims to develop products, across its portfolio to be first-movers with major products to swiftly meet unmet medical needs. The ability to use multiple cell lines gives it breadth and flexibility in product program selection and in positioning it advantageously in different markets. The eight product candidates in its developmental pipeline address an $85 billion originator market opportunity. We believe that we have the capacity to add one to two additional programs every 12 to 18 months, on both an organic and inorganic basis, all of which benefit from platform-level cost efficiencies and positions Alvotech for sustainable growth and managed risk. For example, Alvotech entered into a partnership with Biosana for the co-development of AVT23, a biosimilar candidate to Xolair (omalizumab), in December 2021.

- Commercial Partnerships: Pursue and execute on strategic partnerships across the globe. Alvotech has formed a global network of strategic commercial partnerships to ensure that its products can reach the patients in geographies across the world. Its partners include Teva (US), STADA (EU), Yangtze (China), Fuji Pharma Co., Ltd (Japan), Cipla/Cipla Gulf/Cipla Medpro (Australia, New Zealand, South Africa/Africa), JAMP Pharma (Canada), DKSH (Taiwan, Hong Kong, Cambodia, Malaysia, Singapore, Indonesia, India, Bangladesh and Pakistan), YAS (Middle East and Africa), Abdi Ibrahim (Turkey), Kamada (Israel), Biosana (Australia, Netherlands, Singapore), and MegaLabs, Stein, Libbs, Tuteur and Saval (Latin America), among others. Alvotech's partners' deep knowledge of the markets and economic, regulatory, payor and reimbursement landscapes in the countries they serve optimizes the company's commercial opportunity and ability to reach patients in these markets in a way it could not do on its own. Alvotech partners only with trusted, market leaders and develops close strategic relationships with these partners that align company and partner interests for success. Both Fuji Pharma Co., Ltd ("**Fuji Pharma**") and YAS are shareholders in Alvotech and the company has a manufacturing joint-venture with the Joint Venture Partner for the China market, and a joint manufacturing agreement with Abdi Ibrahim for the Turkey market. Alvotech also entered into a global licensing agreement with Biosana for the co-development of AVT23, a biosimilar candidate to Xolair (omalizumab), in December 2021 and expanded its partnership with Fuji Pharma by entering into an agreement for another, undisclosed, biosimilar candidate in February 2022. Thus far, Alvotech has executed agreements with the potential for milestone payments for up to $1,075 million from our commercial partners.

- People: Attract and retain the highest quality talent to fulfill the Alvotech vision. In a field in which innovation and competitive edge can be gained at every stage of product selection, development, manufacturing and marketing, the caliber and commitment of Alvotech's people are a critical element in shaping and executing its strategy. Alvotech's founder, chairman and principal investor has built and led two successful global generics enterprises and has provided the vision and resources to grow Alvotech as a built-for-purpose, highly integrated platform. Alvotech's business, scientific and operations leadership team brings together vast collective experience creating and launching both innovator therapies and biosimilars at top-tier global pharmaceutical firms. Further, Alvotech has attracted highly talented and dedicated technical, laboratory and support staff talent from 50 countries around the world. As of July 28, 2022, Alvotech had 903 employees, including 25 contractors, 87% of whom were devoted to R&D, quality and technical operations, and 13%to administration and support roles. Approximately 58% of our employees hold a PhD, MD or master's degree.

- ESG and corporate responsibility: Maintain and further develop Alvotech's commitment to sustainability and corporate responsibility beyond its fundamental mission of expanding access to medicines while lowering costs for patients. We are developing and implementing a comprehensive environmental, social and governance ("**ESG**") framework to collect, monitor and report data that assess our environmental and social impact as well as provide transparent disclosures on governance. We believe that we have certain intrinsic business and operational qualities that may favorably position us to optimize our ESG impact, including the location of our

headquarters and manufacturing in Iceland. This enables us to minimize our environmental impact by conducting our principal operations using nearly 100% renewable energy and in a geography with abundant cold and hot water. We intend to make a difference for patients around the world by working strategically towards increasing patient access to medicines, supporting the sustainability of health systems and, where feasible, conducting clinical trials in areas with relatively lower access to healthcare. In 2021, we implemented governance framework elements including an updated code of business conduct and ethics, a whistleblowing policy and an anti-harassment and response policy, which were updated in June 2022 in connection with the listing on Nasdaq.

8.6 Our Platform

We believe that the nature and quality of our platform enable us to innovate and systematically develop and manufacture biosimilar medicines. We consider this ability, and that our platform can generate and capture efficiencies all along the research and development, manufacturing and sales and marketing chain, to be fundamental advantages when competing with both originator and other biosimilar companies in quality, cost and speed to market.

The challenges of biosimilars development

Making biosimilars—biologic medicines that are highly similar to and without clinically meaningful differences from their reference products in terms of safety, purity and potency—is a fundamentally complex task. It requires, among other things, highly specialized expertise and infrastructure, time, and significant capital. Success in the biosimilar space is largely determined by the ability to make biosimilars efficiently and consistently.

We believe that these same barriers to entry also create opportunities for differentiation. The capital investment, sophisticated infrastructure and scientific/ technical expertise required are principal reasons that the biosimilar divisions of large originator biopharmaceutical companies, who have access to all of these, have dominated the sector's early years. But these biosimilars divisions within larger organizations have competing internal demands for resources, including people, R&D and manufacturing facilities. As a result, biosimilars are often viewed as a secondary business. Such internal competition makes consistent and replicable operational control and efficiencies more difficult and costly to achieve, and biosimilars also tend to receive less focus in marketing and distribution. Conversely, smaller companies may not have all of the internal capabilities needed for development or the capital resources to invest in such capabilities. These constraints may require these smaller companies to outsource key parts of the R&D and manufacturing process, thereby potentially losing control over quality or the ability to innovate and control costs.

Our differentiated approach

Alvotech's goal is to become a leading global supplier of biosimilar medicines and it intends to realize this ambition through its distinctive approach. Built around its exclusive focus on biosimilars; a comprehensive and fully-integrated platform; an agile and rapidly expanding portfolio and pipeline; and a network of leading commercial partners who can deliver its products to payors and patients with expert local knowledge in every major market.

Research & Development

Alvotech's research and development is solely focused on the development of biosimilar medicines, which require considerable time and substantial financial investment. We intend to continue to commit significant resources in financial and human capital to development activities going forward, with the aim of offering more affordable biologic medicines, globally. We also strive to identify opportunities where a level of differentiation can be applied to the development program to enable improved commercial success.

Biosimilar medicines are highly similar to their reference products and typically have identical primary amino acid structure. They are held to the same high-quality standards as innovative biopharmaceuticals. The ultimate goal in the development of biosimilar medications is to develop therapeutics that are highly similar to and have no clinically meaningful difference from their reference products. In order to demonstrate this, we apply rigorous processes in the development of our product candidates.

A biosimilarity claim must demonstrate totality of evidence with respect to physiochemical characteristics, biologic activity, pharmacokinetics, clinical safety and efficacy, and therapeutic indication. Extensive analytical comparisons to the reference products are conducted, followed by nonclinical and clinical pharmacokinetic ("**PK**") and pharmacodynamic ("**PD**") studies, as required. Finally, a clinical efficacy and safety study is conducted to resolve any remaining uncertainty that the product is biosimilar. This process is described in more detail below.

Early phase development

In this phase of development it is vital to establish a manufacturing process that delivers highly similar product to the reference product. This starts with cell line development activities, where clones having characteristics similar to the reference product with acceptable productivity are selected. Following this a competitive commercial manufacturing process for drug substance and drug product is developed to deliver a product that is highly similar to the reference product, enabling future investment in GMP manufacturing. Numerous characterization methods are also applied to ensure our biosimilar candidate is highly similar to the reference product in structure and function. Significant time and effort is spent on this similarity evaluation to enable a streamlined clinical program in subsequent development phases with a higher probability of success.

Pre-clinical development and GMP manufacturing

In this phase, the manufacturing process is scaled-up up from small pilot scale batches to commercial scale in a commercial site. The goal is to manufacture product with a high degree of analytical similarity to the reference product while also confirming the highest quality product is produced.

In parallel, regulatory authorities in the United States, EU and other geographies are engaged to discuss the overall development strategy, in order to ensure the ultimate submission package is approvable in all major regions. Non-clinical studies may also be conducted as required, based on the individual biosimilar program and alignments with regulatory authorities.

Clinical studies

Clinical studies are conducted in this phase to support product registration. Typically, a PK study is performed to demonstrate PK equivalence of the proposed biosimilar to the approved reference products such as those available in both the U.S. and EU. A global, confirmatory clinical efficacy and safety study is typically also performed to demonstrate that there are no clinically meaningful differences between the proposed biosimilar and the reference product. Depending on the specific program, these two studies may be conducted within one larger study or, conversely, additional small studies may need to be performed to support registration. When both a PK and confirmatory efficacy and safety study is required, we take the calculated risk to execute these studies in parallel (where feasible), which enables the fast track to licensing application submission for the program.

In parallel to the clinical studies being conducted, manufacturing process characterization and validation is completed, in addition to completion of the analytical similarity assessment supporting registration.

Interchangeability

When practical and commercially relevant in the U.S. market and other countries and regions, we seek interchangeability designation such as is the case with our lead product, AVT02, our biosimilar candidate to Humira. Interchangeability is a U.S. regulatory construct and according to the FDA, an interchangeable product will have met additional data requirements and so may be substituted for the reference product without the intervention of a prescriber. The substitution may occur at the pharmacy, much as generic drugs are substituted for brand name drugs, subject to varying U.S. state pharmacy laws. Biosimilars, including those designated as interchangeable products, have the potential to reduce health care costs. The concept of interchangeability for biosimilars was signed into law through the Biologics Price Competition and Innovation Act in 2010. In order to be considered interchangeable, a biosimilar must meet additional requirements, including the execution of a "switching study," utilizing the reference product and biosimilar product in patients. The vast majority of states have passed laws regarding substitution for interchangeable products.

Submission and approval

The ultimate goal is to submit a globally vetted, high-quality dossier that enables first-pass approval based on the totality of evidence for the comparative analytical, Chemistry, Manufacturing and Controls, ("**CMC**"), and clinical data. Extrapolation principles also allow for attaining a full label matching the reference product other than indications specifically protected by regulatory exclusivity. We work closely with health authorities through the review process to enable approval at the earliest possible time after dossier submission, ensuring we can remain competitive with market entry.

Manufacturing & Supply

Manufacturing Facilities

Alvotech's manufacturing facility is located in Reykjavik, Iceland. It provides us with purpose-built GMP, and highly integrated capabilities for producing biosimilars at scale. Our facility is currently approximately 140,000 square feet and utilizes single-use technology to manufacture drug substance and drug product. The platform enables us to use both CHO and SP2/0 cell culture processes; produce active drug substance using both perfusion and fed batch processes; and to carry out sterile fill-and-finish for pre-filled syringes. Having all of these capabilities in-house and in one place, alongside both R&D, quality control and quality assurance teams, allows us to streamline tech transfer and implement efficiencies across the entire production process, while continuously optimizing quality and controlling costs.

In December 2020, Alvotech broke ground on an expansion of its Reykjavik facility that will double its total footprint, adding another 140,000 square feet. The expansion is expected to be completed in 2023 and will give us additional redundancy in our drug product capacity, assembly of combination products and devices, and secondary packaging. Additionally, the expansion will support increased warehousing and other supportive functionsAlvotech's existing manufacturing facility was recently acquired by Alvotech from a related party, life sciences/pharmaceutical investment company Aztiq, which is a founding investor in Alvotech. The extension is owned and leased for the company's use from Aztiq under extendable agreements that currently run through 2038.

The Reykjavik facility has an active and valid GMP certificate issued by the Icelandic Medicines Authority authorizing Investigational Medicinal Product and commercial manufacturing. This certificate enables our products to be manufactured for the market overseen by the European Medicines Agency.

Third Party Suppliers and Manufacturers

Raw Materials

Alvotech's manufacturing processes utilize single-use processing technology for both drug substance and drug product. Our manufacturing is therefore reliant on the availability of single-use components to complete production. Alvotech sources these components from various reputable third-party suppliers. However, the price of these materials and components is subject to market forces and competing demands. Increases in the cost of components would have an adverse effect on the company's forecasted cost of goods. In certain cases, Alvotech may rely on only one approved source for a particular component and shortages may significantly impact our ability to manufacture drug substance and drug product. Finding alternative suppliers may not be possible or cause material delay to development plans or commercial production. Alvotech has the ability and is currently evaluating opportunities for redundancies in our manufacturing processes in order to mitigate risk and control costs.

Alvotech also requires the use of certain reagents and materials in order to develop and produce biologic medicines. We acquire these reagents and materials through reputable third parties that specialize in the production and sourcing of these reagents and materials. These materials are widely available commodities. However, unforeseen shortages in these materials may have an adverse effect on either the price of these materials or could cause delays in Alvotech's development or commercialization timelines.

AVT02 and certain other products within our pipeline require the use of auto-injector devices. We work closely with our vendor in order to assure availability and manage risk through inventory management and relationship management. Our current arrangement with our supplier utilizes a proprietary design.

Master cell banks and working cell banks are critical components in biologic medicine manufacturing. A cell bank is a collection of ampoules of uniform composition stored under defined conditions, each containing an aliquot of a single pool of cells. The master cell bank is generally derived from the selected cell clone containing the expression construct that has been encoded to produce the protein of interest, such as a specific monoclonal antibody with a defined amino acid sequence. This unique aliquot of cells allows for a consistent high quality biologic medicine to be produced. The working cell bank is derived by expansion of one or more ampoules of the master cell bank and is used for routine manufacturing. Both the master cell bank and working cell bank are central to obtaining regulatory approval for manufacturing and marketing biologic medicine. Without well-characterized and well-controlled master and working cell banks, the manufacturing process could be susceptible to non-ideal product variability. The quality of the manufactured biologic product is dependent on the quality of the cells used for its manufacturing, and having a sufficient supply of master and working cell banks is important for a consistent manufacturing process. The master cell banks and working

cell banks for our lead product candidates are produced at either an EU or U.S.-based contract manufacturing organization and then transferred internally to both the Reykjavik site in Iceland and Jülich site in Germany for supply continuity and redundancy. The availability of master cell banks is critical to our ability to manufacture products for the commercial market. Should our cell banks (despite any redundancies) be compromised, we would be unable to produce usable products for patients in any market.

Sales and Marketing

To date, we have chosen to market and commercialize our products through numerous strategic partnerships rather than sell a single global license to an individual commercial partner. By partnering with multiple leading regional partners who would likely be able place a higher value on licenses due to their core market(s) focus, we believe we can achieve higher return for the rights of our products. This also better ensures focus from partners on Alvotech's portfolio. Additionally, by partnering with multiple partners, we are able to enhance local market knowledge and expand our geographic reach by mitigating our risk of being dependent on one single partner.

Our broad commercial footprint is highlighted by the orange countries in the graphic above.

By outsourcing sales and marketing, we believe we are able to realize and leverage the following benefits:

- *Global reach:* By commercializing through best-in-class partners, we can reach nearly all markets around the world, including key markets in the U.S., Europe, Japan, Canada, Australia, and various international markets across regions such as Latin America and Asia. This global approach provides diversification and opportunities for growth often overlooked by companies that focus solely on the U.S. and Europe.

- *Local expertise:* Our commercial strategy allows us to leverage the expertise from our partners. Our partners' expertise in managing numerous local regulatory and commercial landscapes has been built up over many years and would be difficult, to replicate internally across all global markets. We believe our partners will enable us to bring our products to market more effectively, than if we were to pursue a commercial strategy on our own.

- *Portfolio scale:* Our commercial strategy also allows us to combine our products with larger portfolios (via our partners) which, through the benefit of cross-selling, should enhance the attractiveness of our products. Furthermore, through a portfolio approach, we are able to receive the benefits of our partners established relationships with payors and providers.

- *Product selection flexibility*: As a company focused only on developing and manufacturing biosimilars, our product selection model is not complicated by an in-house set of innovator products, nor is it confined to specific therapeutic areas. We do not need to make product selection decisions to fit a pre-existing commercial strategy or sales and marketing infrastructure, but rather we can take a flexible approach to product selection, evaluating candidates based on their clinical merits, partner preferences and commercial opportunity. We are able to access markets through an existing network or create a new network through our partnership model in various therapeutic areas and various geographies.

- *Platform leveragability:* Our commercial strategy also allows for the creation of a highly leverageable platform. Products may be added without significant changes in Sales and Marketing or General and Administrative infrastructure. We believe this leveragability, after achieving critical mass through our launches, can create a company more profitable than we would otherwise be, had we decided to create a global commercial infrastructure and distribute our product through that network.

- *Milestones:* We expect to receive milestone payments from our partners at the time of signature of the commercial agreement and at various points in time through development and in some cases, post approval. Thus far, Alvotech has executed agreements with the potential for milestone payments of up to $1,075 million, of which over $190.7 million has been collected as of June 30, 2022. Milestones offset the cost of development and create a shared risk alignment with our partners. We further view milestones as a consistent and repeating revenue opportunity, as we fully expect to continue to add product candidates to our pipeline, and subsequently out-license them in order to maximize the value of our dedicated biosimilar development and manufacturing infrastructure.

As a result of our strategic decision to form commercial partnerships, we do not currently have direct sales, marketing, and distribution capabilities. In order for us to commercialize any product on our own, we would need to either develop an infrastructure to facilitate sales, marketing and distribution or contract with third parties that have the requisite capabilities. Our in-house strategic sales and marketing expertise is currently focused on relationships with our existing partners and finding new partner relationships. As of June 30, 2022, we have contracted with 17 partners to sell, market, and distribute our products in certain agreed upon territories.

Commercial partnerships

Alvotech has formed strategic commercialization partnerships with leading pharmaceutical companies covering global markets. A commercialization partnership generally consists of two components. First, under the licensing component, Alvotech and the partner agree that Alvotech will develop the product candidate and that the partner will have the exclusive right to market, distribute and sell Alvotech's product in a certain territory once the product has been approved by the relevant regulator. In return, the partner agrees to make certain upfront or milestone payments to Alvotech, which can be any or a combination of the following:

- Upfront payments upon the signing of the agreement;

- Milestone payments related to the development of the products, for example upon the completion of a clinical trial with respect to the relevant product candidate;

- Milestone payments related to the regulatory approval process of the products, for example upon submitting an application for approval with or receiving approval from the relevant regulator for the relevant product candidate;

- Milestone payments related to the launch or first commercial sale of the product in the relevant territory; and

- Milestone payments related to achieving sales targets in the territory.

As of June 30, 2022, Alvotech has received $190.7 million in execution and milestone payments, including $75.0 million from Teva, $61.5 million from STADA (amounts payable in Euro and converted at the December 31, 2020 exchange rate of EUR/USD 1.23015) $15.0 million from JAMP Pharma, $10.0 million from YAS Holdings, $9.6 million from Fuji Pharma and $19.6 million in the aggregate from its other partners combined. As of June 30, 2022, Alvotech has estimated the potential to receive up to $884.4 million in the future, including $455.0 million from Teva, $267.5 million from STADA, $41.7 million from JAMP Pharma, $30.4 million from Fuji Pharma and $89.8 million in the aggregate from its other partners combined.

Under the supply component of the partnership agreements, Alvotech will generally manufacture, supply and deliver the product to each partner, and the partner will exclusively buy the product from Alvotech. The purchase price for each commercial partner, unless specifically noted otherwise in the description of the partnership agreements below, is a royalty of approximately 40% (between 35% and 45%) of the estimated net selling price or an agreed-upon applicable floor price, whichever is higher, for the duration of the agreements. The floor price is a minimum price per unit specific to each presentation to be paid by the commercial partner for the product, and is determined per each presentation and product taking into consideration Cost of Goods of manufacturing, supply and commercial market environment. Under certain partnership agreements, Alvotech may be eligible to receive additional royalty payments in periods where sales

exceed certain targets. As of June 30, 2022, Alvotech has not received any product-based revenue from any of its partners. As is customary, the partnerships are concluded for durations of ten to twenty years.

The amounts in upfront and milestone payments and the royalty rates are negotiated between parties and depend in part on the estimated addressable market for the product and the size of the territory.

As a principal matter, Alvotech grants its partners access to the dossier, which includes Alvotech's dossier of data, information and know-how relating to the relevant products that enable our partners to apply for and obtain marketing authorization in the various territories. Marketing authorizations obtained with the help of the dossier remain with the partners after the expiry of the partnership. Partners only return the marketing authorization to Alvotech when Alvotech terminates the agreement for cause. Certain partners may also get access to Alvotech trademarks.

Alvotech's principal partners and partnerships include:

United States

Teva. In August 2020, Alvotech and Teva formed a commercial partnership under which Teva will have exclusive marketing and distribution rights to a portfolio of five Alvotech biosimilars in the U.S. Teva has a leading commercial footprint in the U.S., one of every nine prescriptions in the U.S. is filled with a Teva product. Teva is a global leader in generic and specialty medicines with a portfolio consisting of over 3,500 products in nearly every therapeutic area. Around 200 million people around the world take a Teva medicine every day and are served by one of the largest and most complex supply chains in the pharmaceutical industry. For more information about our agreements with Teva, see Section 8.8 of this Prospectus.

Europe

STADA. In November 2019, Alvotech announced a strategic commercial partnership with STADA under which STADA will serve as the exclusive marketer and distributor of seven Alvotech biosimilars in all key European markets and selected markets outside Europe. The initial partnership spans biosimilars for autoimmune, inflammatory and ophthalmological diseases, as well as oncology. STADA sells its products in approximately 120 countries and in 2020 achieved approximately $3.7 billion in sales across its generics, specialty pharma and non-prescription consumer healthcare product platform. For more information about our agreements with STADA, see Section 8.8 of this Prospectus.

Japan

Fuji Pharma. On April 2, 2019, Alvotech and Fuji Pharma entered into a license agreement, as amended on June 23, 2020 to reflect a delay in the development process and therefore, among others, amended and restated the milestone payments, (the "**Fuji Pharma AVT04 License Agreement**") and a supply agreement (the "**Fuji Pharma AVT04 Supply Agreement**"). Under the Fuji Pharma AVT04 License Agreement, Alvotech will develop AVT04 and compile and provide a dossier of data, information and know-how relating to AVT04 to Fuji Pharma. Alvotech retains full ownership of all intellectual property rights in AVT04 and the AVT04 dossier. Fuji Pharma has the exclusive right to use the dossier to obtain and maintain regulatory approvals for AVT04 and to import, finish, market, promote, sell and distribute AVT04 in Japan. Fuji Pharma made a one-time payment on the signature date of $4.6 million and will make an additional milestone payment to Alvotech upon the launch of the product, subject to certain conditions. If Fuji Pharma achieves annual sales in excess of certain target volumes, it will pay Alvotech an additional royalty on the net sales above the target. Under the Fuji Pharma AVT04 Supply Agreement, Alvotech will manufacture, supply and deliver the AVT04 product. Fuji Pharma will pay Alvotech a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within thirty business days, in U.S. dollar and by wire transfer. The agreements terminate 20 years after the first commercial sale of AVT04 in Japan. They can be terminated by either party if the other party: (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation. The agreements can be terminated by Fuji Pharma if (i) a competing product obtains reimbursement approval (Fuji Pharma AVT04 License Agreement) before AVT04 obtains reimbursement approval; (ii) AVT04 does not obtain reimbursement approval by November 30, 2023; or (iii) AVT04 obtains reimbursement approval at the same time two competing products obtain reimbursement approval.

On November 18, 2020, Alvotech and Fuji Pharma entered into four binding term sheets with respect to AVT06, two proposed AVT03 biosimilar products and AVT05. On February 10, 2022, Alvotech and Fuji Pharma

expanded their strategic partnership and entered into an additional binding term sheet with respect to a new undisclosed biosimilar candidate currently in early phase development. Under the binding term sheets, Alvotech will develop the product candidates and provide a dossier of data, information and know-how relating to the relevant product to Fuji Pharma. Fuji Pharma has the exclusive right to use the dossier to obtain and maintain regulatory approvals and to import, finish, market, promote, sell and distribute the relevant product in Japan. As of December 31, 2021, Fuji Pharma made one-time payments on the signing dates of the binding term sheets of $3.0 million and agreed to make additional payments upon the achievement of certain regulatory and development milestones. Alvotech and Fuji Pharma will enter into license and supply agreements for each product at a later date, subject to fulfilling of certain conditions related to the development of that product and the absence of the commercial launch of competing products in Japan at that time. Fuji Pharma will exclusively buy the relevant biosimilar candidate from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. The license and supply agreements will terminate 20 years after the first commercial sale of the relevant product in Japan. They can be terminated by either party in case a party (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation.

As of June 30, 2022, Alvotech has received an aggregate of $9.6 million under the abovementioned agreements with Fuji Pharma and is eligible to receive up to an additional $30.4 million in milestone payments under the abovementioned agreements with Fuji Pharma.

Canada

JAMP Pharma. JAMP Pharma has a portfolio with more than 290 molecules and is a leader in the pharmaceutical industry in Canada. In December 2019, Alvotech entered into five license and supply agreements with JAMP Pharma with respect to AVT02, AVT03, AVT04, AVT05 and AVT06. Under the terms of the agreements, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to the relevant product candidate to JAMP Pharma. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. JAMP Pharma has the exclusive right and obligation to use the dossier to try to obtain and maintain regulatory approvals for the relevant product and to market, sell, and distribute the products in Canada. JAMP Pharma made upfront payments in the aggregate amount of $15.0 million and agreed to make additional payments for an aggregate amount of up to CAD 53.2 million upon the achievement of certain sales milestones. Alvotech will manufacture, supply and deliver the product to JAMP Pharma and JAMP Pharma will exclusively buy the relevant biosimilar candidate from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. If the agreed remittance is less than the floor price, JAMP Pharma has the option to turn the supply price for that product into a profit share arrangement. All invoices are payable within sixty days, in euros and by wire transfer. The agreements terminate 20 year after the first commercial sale of the relevant product and are subject to certain customary early termination rights. They can be terminated by either party if the other party (i) commits or permits any substantial breach of any material term or provision of the agreement; (ii) has a receiver or administrator appointed in respect of any of its assets, or enter into any arrangement or composition with its creditors; or (iii) goes into liquidation. The agreements can be terminated by JAMP Pharma (i) in case of Phase III study failure; (ii) in case the dossier is delayed by more than 12 months from the target date; (iii) if, following the agreed launch date, Alvotech's formulation of the product or the process used in the manufacture of the product violates any third-party patent in Iceland or Canada; (iv) in case of GMP or quality failures hindering registration or launch in the Canada; (v) if Health Canada rejects or does not provide regulatory approval within 18 months of filing; (vi) if the results of due diligence performed by JAMP Pharma are not satisfactory; (viii) if 50% of the market for the product is not converted to certain product specifications at the time of launch by JAMP Pharma; or (ix) if Alvotech fails to deliver the launch order for the product within 12 months from the placing of the launch and, due to Alvotech's non- or late delivery of products, JAMP Pharma is out of stock for more than 12 consecutive months.

As of June 30, 2022, Alvotech has received an aggregate of $15.0 million in upfront and milestone payments and is eligible to receive up to an additional CAD 53.2 million upon achievement of certain milestones under the abovementioned agreements with JAMP Pharma.

Additional Markets

Cipla Gulf. In July 2019, Alvotech entered into a license and supply agreement with Cipla Gulf FZ – LLC ("**Cipla Gulf**") with respect to AVT02 for Algeria, Australia, Colombia, Lebanon, Malaysia, Morocco, Myanmar, Nepal, New Zealand and Sri Lanka. In January 2021, Alvotech and Cipla Gulf entered into an additional license and supply agreement with respect to AVT06, AVT03, AVT04 and AVT05 for Australia and New Zealand. Under the terms of the

2019 and 2021 agreements, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to relevant product candidate to Cipla Gulf. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. Cipla Gulf has the exclusive right and obligation to use the dossier to obtain and maintain regulatory approvals for that product and to market, sell and distribute the products in the abovementioned countries. Under the 2019 and 2021 agreements, Cipla Gulf made upfront payments in the aggregate amount of $2.6 million upon signing the agreements and agreed to make additional payments upon achieving certain regulatory and sales milestones. Alvotech will manufacture, supply and deliver the product and Cipla Gulf will exclusively buy the relevant biosimilar candidate from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 60 days (for payments under the 2019 agreement) or 75 business days (for payments under the 2021 agreement), in U.S. dollar and by wire transfer. The agreements terminate ten years after the launch of each respective product in the relevant country, as applicable. The agreements can be terminated by either party if the other party (i) commits or permits any substantial breach of any material term or provision of the agreements; (ii) has a receiver or administrator appointed in respect of any of its assets, or enters into any arrangement or composition with its creditors; or (iii) goes into liquidation. The agreements can be terminated by Cipla Gulf (i) in case of a supply failure; (ii) if the manufacturing facility is no longer authorized by a regulatory authority to manufacture the products and the authorization is not reinstated within 60 days; (iii) in the event the parties are unable to agree on a revised floor price; or (iv) if Cipla Gulf serves an audit concern notice on Alvotech and does not wish to proceed any further.

As of June 30, 2022, Alvotech has received an aggregate of $4.0 million under the abovementioned agreements with Cipla Gulf.

Cipla Medpro. In October 2020, Alvotech entered into a license and supply agreement with Medpro Pharmaceutica (Pty) Ltd ("**Cipla Medpro**") with respect to AVT02, AVT03, AVT04, AVT05 and an undisclosed biosimilar candidate currently in early phase development. Under the terms of the agreement, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to relevant product candidate to Cipla Medpro. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. Cipla Medpro has the exclusive right and obligation to use the dossier to obtain and maintain regulatory approvals for the products and to market, promote, sell and distribute the products in South Africa. Cipla Medpro made upfront payments in the aggregate amount of $1.05 million upon signing the agreements and agreed to make additional payments upon achieving certain regulatory and sales milestones. Alvotech will manufacture, supply and deliver the product and Cipla Medpro will exclusively buy the relevant biosimilar candidate from Alvotech at a royalty (Supply Price) or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 70 days, in U.S. dollar and by wire transfer. The agreement terminates ten years after the launch of each respective product in the relevant country, as applicable. The agreement can be terminated by either party if the other party (i) commits or permits any substantial breach of any material term or provision of the agreement; (ii) has a receiver or administrator appointed in respect of any of its assets or enter into any arrangement or composition with its creditors; or (iii) goes into liquidation. The agreement can be terminated by Cipla MedPro (i) in case of a supply failure; (ii) if the manufacturing facility is no longer authorized by a regulatory authority to manufacture the product and the authorization is not reinstated within 60 days; (iii) in the event the parties are unable to agree on a revised floor price; or (iv) if the originator has not registered the reference product in the respective country by the time Alvotech's dossier is available for submission.

As of June 30, 2022, Alvotech has received an aggregate of $1.25 million in upfront and milestone payments under the abovementioned agreement with Cipla Medpro.

DKSH. In November 2019, Alvotech entered into a license and supply agreement with Favorex Pte Ltd. ("**DKSH**") with respect to AVT02 in the Asia Pacific region. In August 2020, Alvotech and DKSH entered into another license and supply agreement with respect to six more Alvotech products in more than 20 markets, including, Thailand, Taiwan, Hong Kong, Korea, Vietnam, Malaysia, Singapore, Indonesia, India, Bangladesh and Pakistan. Under the terms of the agreements, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to relevant product candidate to DKSH. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. DKSH has the exclusive right and obligation to use the dossier to try to obtain and maintain regulatory approvals for the products and to market, sell and distribute the products in the abovementioned countries. DKSH made upfront payments in the aggregate amount of $7.15 million upon signing the agreements and agreed to make additional payments upon achieving certain regulatory and sales milestones. Alvotech will manufacture, supply and deliver the products and DKSH will exclusively buy the relevant product from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 90 days, in U.S. dollar and by wire transfer. The agreements terminate ten years after the launch of the AVT02 and 15 years after the launch of each respective product in the relevant country, as applicable. The agreements can be terminated by either party

if the other party (i) withholds any monies due to the other party for more than 2 months; (ii) commits or permits any substantial breach of any material term of the agreements; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation. The agreements can be terminated by DKSH (i) if the dossier is delayed by more than 60 days from the target date; (ii) if DKSH serves an audit concern notice on Alvotech and does not wish to proceed any further; or (ii) if regulatory approval is not obtained by a certain date.

As of June 30, 2022, Alvotech has received an aggregate of $7.15 million in upfront and milestone payments under the abovementioned agreements with DKSH.

YAS Holding. In October 2019, Alvotech entered into license agreements with Abu Dhabi-based YAS Holding LLC, acting through its wholly-owned subsidiary, Bioventure FZ-LLC ("**YAS**"), with respect to AVT02, AVT04 and AVT06. The parties agreed to enter into a supply agreement with respect to the products at a later date and, in February 2022, entered into a supply agreement with respect to AVT02. Under the terms of the agreements, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to relevant product candidate to YAS. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. YAS has the exclusive right and obligation to use the dossier to try to obtain and maintain regulatory approvals for the products and to market, sell, and distribute the products in the Middle East and Africa region. YAS made upfront payments in the aggregate amount of $10 million. Alvotech will manufacture, supply and deliver the products and YAS will exclusively buy the relevant product from Alvotech at an agreed royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 90 days, in U.S. dollar and by wire transfer. The agreements terminate ten years after the launch date of each respective product, as applicable. They can be terminated by either party if the other party (i) withholds any monies due to the other party for more than 2 months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation.

As of June 30, 2022 Alvotech has received an aggregate of $10.0 million in upfront payments under the abovementioned agreements with YAS.

Abdi Ibrahim. In October 2019, Alvotech entered into a commercial and joint manufacturing partnership agreement with Abdi Ibrahim Ilac Sanayi ve Ticaret A.S ("**Abdi Ibrahim**") for the commercialization and joint production of AVT02, AVT03 and AVT05 in the Turkish market. Under the terms of the agreement, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to relevant product candidate to Abdi Ibrahim. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. Abdi Ibrahim has the exclusive right and obligation to use the dossier to try to obtain and maintain regulatory approvals for the products and to fill, finish, market promote, sell and distribute the products in Turkey. Alvotech will transfer the technology needed by Abdi Ibrahim to fill and finish the product at Abdi Ibrahim's manufacturing site. Any know-how that is transferred to Abdi Ibrahim remains Alvotech's property and Abdi Ibrahim does not gain any right other than the right to use such know-how itself and solely for the purpose of filling and finishing the products for the Turkish market. Abdi Ibrahim made upfront payments in the aggregate amount of $1.19 million and agreed to make additional payments upon achieving certain development, regulatory and sales milestones. Alvotech will manufacture, supply and deliver the raw products and Abdi Ibrahim will exclusively buy the relevant raw product from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 60 days, in U.S. dollar and by wire transfer. The agreement terminates 20 years after the launch date of each respective product, as applicable. It can be terminated by either party if the other party (i) withholds any monies due to the other party for more than 2 months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation. The agreement can be terminated by Alvotech if regulatory approval is not granted within 24 months after submission and parties fail to agree on a new timeline and by Adbi Ibrahim if (i) product presentation is delayed beyond the agreed timeline; (ii) a final technical failure of the product occurs; (iii) Abdi Ibrahim serves an audit concern notice on Alvotech and does not wish to proceed any further; or (iv) regulatory approval is not granted within 24 months after submission due to reasons that are attributable to failure of the dossier.

As of June 30, 2022, Alvotech has received an aggregate of $1.72 million in upfront and milestone payments under the abovementioned agreement with Abdi Ibrahim.

Kamada. In November 2019, Alvotech entered into license, supply and distribution agreements with Kamada Ltd. ("**Kamada**") with respect to AVT02, AVT03, AVT04, AVT05 and AVT06. On January 28, 2022, Alvotech and Kamada expanded their strategic partnership and entered into two additional license, supply and distribution agreements

with Kamada with respect to two new undisclosed biosimilar candidates currently in early phase development. Under the terms of the agreements, Alvotech will develop the product candidates and provide the dossier of data, information and know-how relating to the relevant product candidate to Kamada. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. Kamada has the exclusive right and obligation to use the dossier to obtain and maintain regulatory approvals for the products and to market, promote, sell and distribute *the* products in Israel, including the Palestinian Authorities (West Banks and Gaza Streep). Kamada made upfront payments in the aggregate amount of $0.5 million and agreed to make additional payments upon the achievement of certain development and sales milestones. Alvotech will manufacture, supply and deliver the product and Kamada will exclusively buy the relevant biosimilar candidate from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within 60 days, in euros and by wire transfer. The agreements terminate ten years after the launch of each respective product in the relevant country, as applicable. They can be terminated by either party if the other party (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation. The agreement can be terminated by Alvotech if: (i) Kamada fails to launch the product within three months after the grant of the regulatory approval; or (ii) Kamada fails to purchase from Alvotech the applicable minimum quantity per year. Each of the agreements can be terminated by Kamada if (i) the phase III study with respect to the relevant product fails; (ii) filing of the dossier with respect to the relevant product is delayed more than 12 months due to reasons attributable to Alvotech; (iii) if the respective product cannot be launched due to a third-party process or formulation patent; or (iv) in case of GMP or quality failure(s) with respect to the relevant product occurring prior to launch and such failure cannot be remedied within reasonable time prior to launch.

As of June 30, 2022, Alvotech has received an aggregate of $0.7 million in upfront and milestone payments under the abovementioned agreements with Kamada.

Yangtze. In March 2020, the Joint Venture entered into a distribution, marketing services and agency agreement with Yangtze and Alvotech with respect to AVT02, AVT03, AVT04, AVT05, AVT06 and three undisclosed products in China. Under the terms of the agreements, the Joint Venture and Alvotech will develop the product candidates and the Joint Venture will obtain and maintain regulatory approvals for the products in China. In case any product can be launched before the Joint Venture is ready to provide commercial supplies of such product, Alvotech will take over the Joint Venture's obligations with respect to the regulatory approvals. Yangtze will have the exclusive right and obligation to market, promote, offer and sell the products in China, under trademarks registered in the name of the Joint Venture. There is no transfer of intellectual property. The agreement does not provide for upfront payments. However, Yangtze will make additional payments to the Joint Venture for an aggregate amount of up to CNY469 million upon achieving certain sales milestones. The Joint Venture will manufacture, supply and deliver the products and Yangtze will exclusively buy the relevant product from the Joint Venture at a royalty of approximately 50% of the estimated net selling price or the applicable floor price, whichever is higher, for AVT02 for the duration of the agreement. The sales price for the other products is to be agreed upon at a later date. All invoices are payable within 60 days in CNY. The agreements terminate ten years after the launch of the first product in China. It can be terminated by the Joint Venture and Yangtze if the other party (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; (iv) goes into liquidation; or (v) with respect to any product if no agreement on the purchase price of that product can be reached. Yangtze may terminate the agreement entirely or with respect to AVT02 if the regulatory approval is not obtained by a target date.

As of June 30, 2022, no payments have been made under this agreement and the Joint Venture is eligible to receive up to CNY469 million upon achieving certain sales milestones under the abovementioned agreement with Yangtze. Alvotech has not received and will not receive payments under this agreement.

Biosana. In December 2021, Alvotech entered into an exclusive global licensing agreement with Biosana Pharma ("**Biosana**") for the co-development of AVT23, which will be produced using Biosana's proprietary 3C manufacturing process technology. Under the terms of the agreement, Biosana will develop AVT23, compile part of the dossier of data, information and know-how related to AVT23 and provide the dossier to Alvotech. Alvotech will conduct the comparative study and update the dossier, and, when completed, has the exclusive right (and, for the U.S., the U.K., France, Germany, Italy and Spain, the obligation) to use the dossier to obtain regulatory approvals and to market, promote, distribute and sell AVT23. In each case limited to the extent necessary and solely for the purpose of (i) developing, registering, marketing, offering for sale, importing, storage, distributing, selling and using the property; and (ii) manufacturing the product, Biosana grants Alvotech (i) exclusive, perpetual and irrevocable, assignable and sub-licensable rights to its intellectual property rights related to AVT23, including in the dossier, that existed prior to or are

created during the collaboration; and (ii) the non-exclusive, perpetual and irrevocable, assignable and sub-licensable right with respect to the 3C manufacturing process. Alvotech made a one-time payment of $7.5 million upon the signing of the agreement with an additional $7.5 million due at the earlier of the closing of the Business Combination or April 30, 2022, and agreed to make additional payments upon the achievement of certain development and regulatory milestones. Biosana will manufacture, supply and deliver AVT23 and Alvotech will exclusively buy AVT23 from Biosana (i) for five years, on a country-by-country basis, from the launch for supply for the EEA market; and (ii) for the term of the agreement for all other markets. In addition to the supply price, Alvotech will make tiered royalty payments to Biosana of 0% of product revenue in the first three years after the launch, 5% for the next three years, and 10% for as long as Alvotech continues to commercialize AVT23, unless the agreement is terminated for cause. All invoices are payable within 60 days in U.S. dollar and by wire transfer. The agreement terminates 15 years after the launch of AVT23 in a given country on a country-by-country basis, unless the parties agree to a renewal term. Either party may terminate the agreement for cause at any time if the other party (i) is two or more months overdue on a payment; (ii) commits or permits a substantial breach of any material term of the agreement; or (iii) is subject to certain bankruptcy proceedings. Alvotech may terminate the agreement in its entirety in a certain territory if (i) the intellectual property rights of a third party may be infringed; (ii) there is an unacceptable product liability risk; (iii) a regulatory authority prohibits, prevents, or restricts the products developed under the agreement for more than 90 days; (iv) the product fails to achieve real time stability; or (v) its gross margin is below a certain threshold in that country. Alvotech may further terminate the agreement if (i) Biosana fails to ship clinical trial material by the target date; (ii) the regulatory approval for the U.S. has not been submitted or granted by certain target dates for reasons attributable to Biosana; or (iii) a supply failure occurs. Biosana may terminate the agreement if Alvotech, its affiliates, or customers institutes or actively participates with a third party in challenging any of the patents under the agreement.

As of June 30, 2022, Alvotech has paid an aggregate of $15.0 million in upfront and milestone payments under the abovementioned agreement with Biosana.

8.7 Our Pipeline

Product selection

Alvotech believes that the nature and quality of its platform enable it to innovate and systematically produce high quality biosimilars for treating a broad range of serious diseases. It believes that its ability to generate and capture efficiencies across research and development, manufacturing and commercialization gives it fundamental advantages in quality, cost and speed to market when competing with both originator and other biosimilar companies.

Alvotech's fully integrated capabilities provide it wide breadth and flexibility in deciding which biosimilar opportunities to pursue, optimizing the commercial, scientific and medical impact of each program as part of its portfolio. It evaluates a rigorous set of six criteria to select its candidates:

- *Competitive situation*: Evaluates originator value, brand and longevity, as well as competition from biosimilars and originators alike, on an ongoing basis.
- *Launch timing*: Aims to be among the first wave of biosimilars to every reference product.
- *Portfolio fit*: Seeking balance across the portfolio, assesses volume/price ratio and the ability to leverage the breadth of its R&D and manufacturing capabilities.
- *Differentiation*: Seeks opportunities where platform differentiation can be applied and exploited, for example, in potential for interchangeability (for the U.S. market), delivery device and product presentations.
- *Feasibility and cost*: Ongoing assessment for technical, clinical, intellectual property and regulatory issues as well as cost and time analysis for CMC, clinical and potential for interchangeability.
- *Partner insights*: Strategic input from commercial partners taken into account at every stage.

In addition to the above, Alvotech's platform is built for flexibility that may allow Alvotech to expand into other healthcare products areas such as respiratory and primary care products.

Our Pipeline

Through our rigorous product selection and development platform, we have been able to build a pipeline comprising five disclosed biosimilar product candidates covering a variety of therapeutic areas, including autoimmune, eye, and bone disorders, as well as cancer. Our lead program, AVT02, a high concentration formulation biosimilar to Humira, was approved by the European Commission in the fourth quarter of 2021 and in Canada and the UK in January 2022. Subject to regulatory approval from the FDA, Alvotech expects to launch AVT02 in the United States on July 1, 2023. We also have submitted marketing applications for, AVT04, which uses the same SP2/0 host cell line as Stelara. In July 2022, Alvotech announced the initiation of its clinical trials for AVT06 and AVT03. Beyond our registrational and clinical programs, we have AVT05, with clinical trials expected to be initiated in the second half of 2022, and, AVT23, that is in late-stage development. Lastly, we also have two undisclosed programs in pre-clinical development.

We intend to continuously invest in our development program with the goal of establishing a program that can add one to two additional product candidates to our pipeline every 12 to 18 months. As of March 2022, market opportunities for our current product candidates include:

- approximately $21.2 billion for AVT02 (adalimumab, a biosimilar to Humira),
- approximately $10.8 billion for AVT04 (ustekinumab, a proposed biosimilar to Stelara),
- approximately $10.3 billion for AVT06 (aflibercept, a proposed biosimilar to Eylea),
- approximately $6.7 billion for AVT03 (denosumab, a proposed biosimilar to Xgeva and Prolia),
- approximately $3.7 billion for AVT05 (golimumab, a proposed biosimilar to Simponi and Simponi Aria), and
- approximately $3.6 billion for AVT23 (omalizumab, a proposed biosimilar to Xolair).

In addition to the above programs, we are currently in early phase development for two additional products that have not yet been publicly disclosed, AVT16, a proposed biosimilar to an immunology product, and AVT33, a proposed biosimilar to an oncology product, for which the estimated combined originator market opportunity is approximately $30 billion. In all, we believe our pipeline has the potential to address an originator market of over $85 billion.

These estimated market opportunities are based on peak sales results from 2021 to 2026 for each product candidate's respective originator product, according to reports from Evaluate Pharma. In the biosimilar industry, the target market for any given product is described by reference to the corresponding originator medicine's peak global revenues. The ultimate revenue realized by a biosimilar medicine relative to those peak revenues depends on the pricing of the biosimilar medicine, often at a discount relative to the originator medicine, and the market share achieved by the biosimilar medicine. The estimated originator market opportunity for each candidate does not reflect impact of expected price erosion caused by biosimilar competition. In the event that Alvotech is required to set the price of its biosimilar candidates at greater discounts than are currently estimated, Alvotech may realize lower than expected revenues; conversely, smaller discounts than are currently expected may result in higher revenues for Alvotech.

Our Programs

AVT02, our high-concentration biosimilar to Humira

Humira (adalimumab) inhibits tumor necrosis factor ("**TNF**"), which is a protein in the body that can cause inflammation. Developed and predominantly marketed by AbbVie, adalimumab is prescribed to treat a variety of inflammatory conditions including, rheumatoid arthritis, psoriatic arthritis, Crohn's disease, ulcerative colitis, plaque psoriasis among other indications. Humira is approved and marketed in a high concentration formation (100 mg/mL) across four doses (10 mg, 20 mg, 40 mg, 80 mg) which account for roughly 80% of the U.S. Humira market. A lower concentration formulation (50 mg/mL) is also approved and marketed across three strengths (10 mg, 20mg, 40mg). In 2021, Humira worldwide net revenues were approximately $20.7 billion. Adalimumab has many of the core characteristics Alvotech looks for in selecting a candidate for development. We are aiming to be in the first wave of launches, as there are currently only two other companies developing high concentration formulation biosimilars to Humira. Additionally, adalimumab fits well within our immunology portfolio and manufacturing capabilities. The competitive landscape and broad market opportunity for adalimumab is attractive to us and our commercial partners as we are aware of only one other company that is pursuing an interchangeability designation referencing the high concentration form of the product, and others that are doing low concentration.

- In November 2021, Alvotech received approval by the European Commission for AVT02, Alvotech's high-concentration biosimilar to Humira. In June 2022, Alvotech's commercial partner, STADA, launched AVT02 under the name Hukyndra in selected European countries, including France, Germany, Finland, and Sweden. Commercial launches in further European countries are scheduled over the coming months.

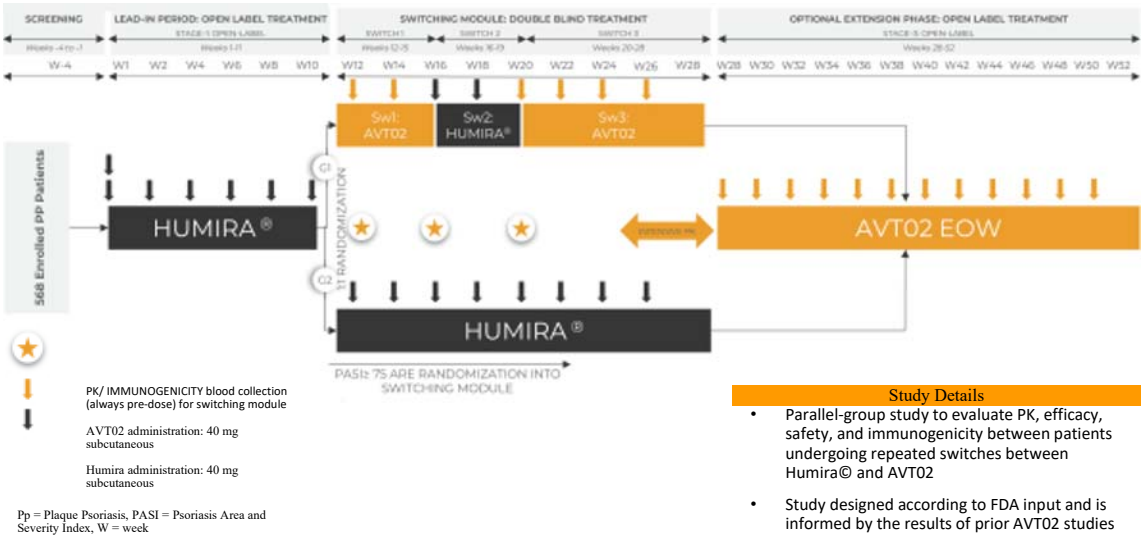
- In January 2022, Health Canada granted marketing authorization for AVT02, which JAMP Pharma, Alvotech's commercial partner for the Canadian territory, markets as SIMLANDI in Canada. In April 2022, JAMP Pharma, launched AVT02 under the name SIMLANDI in Canada.

- In September of 2021, we announced that the FDA had notified us that our BLA application supporting biosimilarity for AVT02 was being deferred. Per FDA guidance regarding Manufacturing, Supply Chain, and Drug Inspections during the COVID-19 pandemic, the FDA may choose to defer action if no deficiencies have been identified and the application otherwise satisfies the requirements for approval, but an inspection(s) is necessary yet cannot be completed due to factors including travel restrictions. In September 2022, we announced that we received communication from the FDA detailing its assessment of the March 2022 inspection of Alvotech's manufacturing facility in Reykjavik, Iceland and Alvotech's subsequent written responses to the FDA. The FDA's complete response letter to the biosimilar BLA for AVT02 noted certain deficiencies and stated that satisfactory resolution of the deficiencies is required before FDA may approve this BLA. Alvotech is working collaboratively with FDA to resolve these issues. In February 2022, the FDA accepted our BLA supporting interchangeability for review. In addition to the approval as biosimilar by the EMA, in Canada and in the UK, the pending application at FDA, and the market launches in Canada and selected European countries including France, Germany, Finland and Sweden, we also successfully conducted a switching study to support a potential designation for interchangeability in the U.S. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie settled all U.S. litigation related to AVT02 and, subject to regulatory approval from the FDA, Alvotech expects to launch AVT02 in the United States on July 1, 2023. To date, the FDA has not indicated that the complete response with respect to the biosimilar BLA will impact the interchangeable BLA.

- Pursuant to the various settlement agreements with AbbVie, Alvotech and AbbVie resolved all intellectual property disputes relating to AVT02, except in Canada. For more information regarding the litigation adverse to AbbVie, see Section 8.10.

We have conducted five clinical studies to date for AVT02, comprising of over 1,500 subjects. In September of 2021, we announced that topline results from a randomized study in patients demonstrate no increased risk in terms of safety or decreased efficacy from repeated switches between the administration of Humira (adalimumab) and Alvotech's high-concentration interchangeable biosimilar candidate AVT02, compared to the administration of Humira without switching (AVT02-GL-302). The study has been conducted in 568 patients with Chronic Plaque Psoriasis across five countries and 25 sites in Central and Eastern Europe. Further, no significant differences were observed in clinical pharmacokinetics (which was the primary endpoint), or the clinical efficacy, safety or immunogenicity between the switching cohort and the reference product cohort. During the lead-in period (Week 1 to Week 12), only one patient reported a serious Treatment Emergent Adverse Event ("**TEAE**"). During the switching module phase (Week 12 to Week 28), six patients (1.1%) reported serious TEAEs, of which five patients (1.8%) were in the AVT02/EU-Humira/AVT02 group, and one patient was in the EU-Humira group. During the extension phase, three patients reported TEAEs. All ten of the TEAEs were assessed by the investigator as non-drug related. Two of the TEAEs were assessed by the sponsor as drug related: one event was COVID-19 pneumonia, which was resolved in the patient with sequelae, and the other event was extrapulmonary tuberculosis. Only one TEAE was fatal and the cause was determined to be unexpected and non-drug related (accidental carbon monoxide poisoning). None of the drug related serious TEAEs were unexpected. The most commonly reported serious TEAE was COVID-19 (30%). Statistical analysis for this study was conducted in line with the scientific standards and in agreement with relevant regulatory guidelines and the specific advice received from major agencies during the course of development. An overview of this study is outlined below:

Subject study Participation = 52 Weeks



AVT04, our proposed biosimilar to Stelara

Stelara (ustekinumab) is a human IgG1k monoclonal antibody against the human interleukin-12 and -23 cytokines. Marketed by Janssen, Stelara is prescribed to treat a variety of inflammatory conditions including psoriatic arthritis, Crohn's disease, ulcerative colitis, plaque psoriasis among other indications. In 2020, Stelara's worldwide net revenues were nearly $8 billion.

We are using an SP2/0 host cell line, which is the same manufacturing host cell line as Stelara. The infrequent dosing for Stelara is enabled by an extended half-life that is partially achieved due to the high levels of sialic acid on the monoclonal antibody. The SP2/0 host cell line allows for more efficient sialyation of the molecule as compared to CHO. Therefore, matching of the post-translational modifications and structure in a biosimilar development program for Stelara also, in our view, requires matching of the host cell line. Developing our biosimilar in the same host cell line as the originator for a product that requires such a long half-life, de-risks the approval process and creates potential differentiation relative to other biosimilar developers who do not match the host cell line type. In July 2021, we announced the initiation of clinical studies for AVT04. A pharmacokinetic (PK) comparability study (AVT04-GL-101) is being conducted in healthy volunteers and is being conducted simultaneously in New Zealand and Australia. This is a single dose, 3-arm, parallel design to compare pharmacokinetic, safety, tolerability and immunogenicity of a single 45mg/0.5mL subcutaneous dose of AVT04, European sourced Stelara (EU-Stelara) and U.S. sourced Stelara (US-Stelara). The study is being conducted in Australia and New-Zealand and the enrollment of all 294 participants was completed in the fourth quarter of 2021. The primary endpoints for this PK study are peak concentration (Cmax) and the total area under the curve (AUC0-inf). The secondary endpoints for the study include (but are not limited to) additional PK parameters, adverse events and clinical laboratory assessments, tolerability and immunogenicity parameters. Statistical analysis for this study is being conducted in line with the scientific standards and in agreement with relevant regulatory guidelines and the specific advice received from major agencies during the course of development. This study is concluded and in May 2022, Alvotech reported positive topline results for the PK study for AVT04.

Simultaneously, Alvotech is conducting a comparative, confirmatory efficacy and safety clinical study (AVT04-GL-301) in patients with chronic plaque psoriasis. The clinical study is conducted at approximately 30 investigational sites in five countries across Central and Eastern Europe. The enrollment (581 patients) was completed in September 2021. The primary efficacy endpoint for AVT04-GL-301 study is Psoriasis Area and Severity Index (PASI) percent improvement from Baseline at Week 12. The key secondary endpoints include additional efficacy parameters, adverse events and clinical laboratory assessments, tolerability, immunogenicity and pharmacokinetic parameters as well as quality of life scores. The safety extension phase of the study has recently been completed and full readout of the results will take place in the near future. Statistical analysis for this study is being conducted in line with the scientific standards and in agreement with relevant regulatory guidelines and the specific advice received from major agencies during the course of development. In the second half of 2022, Alvotech submitted marketing applications for AVT04 in major markets including the U.S. and EU.

AVT06, our proposed biosimilar to Eylea

Eylea (aflibercept) is a recombinant fusion protein formulated for intravitreal administration consisting of portions of human VEGF receptors 1 and 2 extracellular domains fused to the Fc portion of human IgG1. Developed and marketed by Bayer and Regeneron, Eylea is prescribed to treat conditions including age-related macular degeneration, macular edema, and diabetic retinopathy. In 2020, Eylea worldwide net revenues were nearly $8 billion.

Both the reference product as well as our proposed biosimilar AVT06 are produced in recombinant Chinese hamster ovary cells.

In July 2022, we initiated the confirmatory clinical study for AVT06. The objective of the study is to compare AVT06 and Eylea in terms of efficacy, safety, and immunogenicity in adult patients with neovascular (wet) age-related macular degeneration (AMD). The study (ALVOEYE) is a randomized, double-masked, parallel-group, multicenter, therapeutic equivalence study, and is expected to enroll approximately 444 participants in approximately 16 different countries in Europe, South America, Asia (India and Japan) and South Africa. The study's primary endpoint is change from baseline to week 8 in best-corrected visual acuity (BCVA). Statistical analysis for this study will be conducted in line with the scientific standards and in agreement with relevant regulatory guidelines and the specific advice received from major agencies during the course of development. We have engaged with global regulatory authorities on our development strategy in order to align our program with expectations from regulatory authorities and further limit development risk.

Alvotech originally planned to conduct the AVT06 trial, in part, in ten sites (for 44 patients) located in Ukraine and eight sites (for 19 patients) in Russia. Due to the Russian invasion in Ukraine, Alvotech replaced these sites with sites in new countries with similar patient enrollment projections. As of today, Alvotech does not expect the conflict in Ukraine to have a material impact on Alvotech as a whole or on the development or timely completion of the AVT06 clinical trials.

AVT03, our proposed biosimilar to both Xgeva and Prolia

Xgeva and Prolia have the same active ingredient, denosumab, but the products are approved for different indications, patient populations, doses and frequencies of administration. Denosumab is a human IgG2 monoclonal antibody with affinity and specificity for human RANKL, receptor activator of nuclear factor kappa-B ligand. Developed and predominately marketed by Amgen, Xgeva is prescribed to prevent bone fracture, spinal cord compression or the need for radiation or bone surgery in patients with certain types of cancer, and Prolia is prescribed to prevent bone loss and increase bone mass. In 2020, Xgeva and Prolia worldwide net revenues were over $4 billion.

Both the reference product as well as our proposed biosimilar AVT03 are produced in recombinant Chinese hamster ovary cells.

AVT03 has been developed to have a high degree of analytical similarity to the originator. Further we have engaged with global regulatory authorities on our development strategy in order to align our program with expectations from regulatory authorities and further limit development risk.

Alvotech clinical program consists of a pharmacokinetic (PK) study in healthy volunteers and a confirmatory efficacy and safety study in patients with post-menopausal osteoporosis.

In July 2022, Alvotech announced the initiation of the pharmacokinetic (PK) study (AVT03-GL-P01) in healthy volunteers aimed to compare the pharmacokinetic, safety, tolerability and immunogenicity between AVT03 and the reference product Prolia after administration of 60mg single subcutaneous dose. The study is expected to have a 2-arm, double-blind, parallel design and to be conducted at selected pharmacology units in Australia and New Zealand. Alvotech aims to recruit approximately 206 participants for this study. The primary endpoints for this PK study are peak concentration (Cmax) and the total area under the serum concentration-time curve (AUC0-inf). The secondary endpoints for this study include (but are not limited to) additional PK parameters, adverse events and clinical laboratory assessments, tolerability and immunogenicity parameters. Statistical analysis for this study will be conducted in line with the scientific standards and in agreement with relevant regulatory guidelines and the specific advice received from major agencies during the course of development.

Alvotech originally planned to conduct the AVT03 trial, in part, in five sites (for a projected 40 patients) in Ukraine. Due to the Russian invasion in Ukraine, Alvotech replaced these Ukrainian trial sites with sites elsewhere. As

of today, Alvotech does not expect the conflict in Ukraine to have a material impact on Alvotech as a whole or on the development or clinical trial of AVT03.

AVT05, our proposed biosimilar to Simponi and Simponi Aria

Simponi / Simponi Aria (golimumab), inhibits TNF, which is a protein in the body that can cause inflammation. Simponi / Simponi Aria are prescribed to treat a variety of inflammatory conditions including, RA, psoriatic arthritis, ulcerative colitis among others. Simponi is a sterile solution of golimumab antibody supplied for subcutaneous use. Simponi Aria injection is a sterile solution supplied for intravenous use. We are developing both forms of the product. In 2020, Simponi and Simponi Aria generated over $3 billion in sales.

AVT05 is expressed in an SP2/0 host cell line, which matches the cell used by the developer of the originator. AVT05 is in early phase development. We have developed AVT05 to match the host cell line type used by the originator and we intend to pursue interchangeability designation.

AVT23 (also called BP001), our proposed biosimilar to Xolair

Xolair (omalizumab) is an antibody that targets free IgE and is used to improve the control of severe persistent allergic asthma, for chronic (long-term) spontaneous urticaria (itchy rash) in patients with elevated IgE who do not respond to treatment with antihistamines, and to treat nasal polyps in people 18 years of age and older when medicines to treat nasal polyps called nasal corticosteroids have not worked well enough. Xolair, the only currently approved product containing omalizumab, was first approved in 2003. In 2020, global sales of Xolair reached $3.3 billion.

AVT23 is in late-stage development. AVT23 will be produced using Biosana's proprietary 3C process technology, a fully continuous operation to allow for highly productive, low-cost manufacturing. A pharmacokinetic (PK) comparability study has been completed showing that AVT23's bioavailability, safety, tolerability and immunogenicity are comparable to those of Xolair.

Undisclosed programs, AVT16 and AVT33

We are currently in early phase development for two additional products that have not yet been publicly disclosed, AVT16, a proposed biosimilar to an immunology product, and AVT33, a proposed biosimilar to an oncology product. We expect the estimated combined originator market opportunity for these two products to be approximately $30 billion.

8.8 Material Agreements, Investments, Partnerships and Suppliers

STADA Out-License Contracts in the European Union and Certain Other Countries

AVT02, AVT03, AVT04, AVT05, AVT06, and AVT16 Out-License Contracts

From August to November of 2019, we entered into similar license and supply agreements ("**out-license contracts**") with STADA which were amended in March 2020, pursuant to which we granted STADA exclusive licenses (even as to us and our affiliates) to import, commercialize and market certain products containing AVT02, AVT03, AVT04, AVT05, AVT06 and AVT16 in the European Union and certain other countries. Under the amended agreements, STADA also received joint ownership of certain of our intellectual property covering such products in the EU and certain other countries under certain conditions. Pursuant to the amended agreements, we are required to provide, and STADA is required to obtain, all of STADA's requirements of the licensed products for a defined period of time. We are also obligated to develop the licensed products, including performing all pre-clinical and clinical activities required to submit grants to obtain marketing authorizations for the licensed products in the EU and certain other countries, whereas STADA is required to use all commercially reasonable efforts to sell, market, import and store the licensed products and Alvotech has the right to terminate if STADA does not launch after fulfillment of certain conditions. STADA will remit approximately 40% of its in-market sales to us in the form of sales-based royalties.

As of June 30, 2022, we have received $6.5 million in upfront payments and $55.0 million in milestone payments, and we are eligible to receive aggregate payments of up to an additional $267.8 million upon achievement of certain financial, regulatory, commercial, manufacturing and sales milestones. Subject to certain conditions, the consideration paid to us is subject to a partial or full refund to STADA on a product-by-product basis if (i) the net sales

of a product fall below certain specified thresholds, (ii) the manufacture, marketing or sale of such product would result in patent infringement, or (iii) we materially breach the agreement and fail to cure within 60 days of receiving notice from STADA.

The licenses granted to STADA will remain exclusive until the fifth anniversary of STADA's first sale of a product in a country, on a product-by-product and country-by-country basis. STADA may extend the exclusivity period up to three times for an additional five years by providing written notice one year prior to the expiration of the exclusivity period. Upon expiration of the exclusivity period for a product in a country, STADA will retain a non-exclusive license to import, commercialize and market such product in the country, and will be granted a worldwide, non-exclusive license to manufacture such product for sale in such country.

Expansion of the AVT02 Agreement

In May 2021, we entered into a second amendment of the AVT02 agreement to, among other things, expand the agreement to include an additional product and provide certain additional terms for the development, licensing and commercialization of such product. Under the amended agreement, we granted STADA a perpetual, exclusive license to import, commercialize and market the additional product in the EU and certain other countries. Under the terms of the amended agreement, we are eligible to receive aggregate payments of up to an additional $3.6 million upon certain development milestones as payment for the development costs of the additional product, of which Alvotech has received $1.1 million as of June 30, 2022. If STADA grants us a non-exclusive license to import, commercialize and market the additional product, we will be required to reimburse a portion of the milestone payments received for the development of the additional product. Upon expiration of the exclusive license of any AVT02 product in a country, STADA will be granted a worldwide, non-exclusive license to manufacture the additional product for sale in such country. Prior to the completion of development of the additional product, STADA may terminate its rights to the additional product upon 10 days written notice. Upon such termination, we would no longer be eligible for payments for the subsequent completion of milestones for the additional product.

License and Development Agreement with Teva Pharmaceuticals International GmbH

In August 2020, we entered into a license and development agreement with Teva which was amended in June 2021, for the commercialization of certain biosimilar products in certain territories (the "**LDA**"). Under the LDA, we granted Teva an exclusive license (even as to us and our affiliates), with the right to sublicense through multiple tiers, to use, import, commercialize, and market products containing AVT02, AVT04, AVT05, AVT06 and AVT16 in the United States and each of its territories, districts and possessions, including the Commonwealth of Puerto Rico. Under the LDA, Teva has the exclusive right to reference (i) the registration dossiers of certain biosimilar products for its BLA approval, (ii) its BLA approval, (iii) all clinical studies conducted by or on our behalf with respect to the development of certain biosimilar products for purposes of obtaining its applicable BLA approval. Under the LDA, we granted Teva the right of first negotiation for commercialization and marketing rights in certain territories for certain future biosimilar products for five (5) years from the effective date of the agreement, excluding AVT03.

As consideration for the rights granted to Teva under the LDA, Teva will pay us license and milestone fees. As of June 30, 2022, we received $40 million in upfront payments and $35 million in milestone payments, and we are eligible to receive aggregate payments of up to an additional $455 million upon achievement of certain financial, regulatory, commercial, manufacturing and sales milestones.

The LDA expires on a product-by-product basis ten (10) years from the first commercial sale of a product, subject to possible one-year extensions. Either party may terminate the LDA on a product-by-product basis for any material breach by the other party that is not remedied within a specified time period, or if either party reasonably believes that there is a material safety issue with respect to such product. Teva may terminate the LDA on a product-by-product basis within certain time periods, only if Teva reasonably demonstrates a lack of commercial viability for such product and Alvotech retains already paid milestone payments and allowed to partner with someone else. Either party may also terminate the LDA upon insolvency of the other party. The LDA will automatically terminate as a whole upon the termination of the Teva Product Supply Agreement, or in part with respect to any product if the Teva Product Supply Agreement is terminated with respect to such product.

Product Supply Agreement with Teva Pharmaceuticals International GmbH

In connection with the LDA, we entered into a product supply agreement with Teva in August 2020 for the

exclusive manufacture and supply of each product during such product's respective product supply term (the "**PSA**"). Under the PSA, we will manufacture and supply each product exclusively in the territory for and to Teva for the marketing of such product in the territory and fully meet purchase orders for the product that have been accepted or deemed accepted by us. We will also provide, at our cost, all packaging materials for each product. However, Teva will reimburse our costs for any packaging or labeling materials as specified in the first six months of a forecast which can no longer be used due to a change in artwork requested by Teva. Teva has agreed to a minimum order quantity for each product for the determined supply price. Pursuant to the PSA, Teva will remit approximately 40% of its in-market sales to us in the form of sales-based royalties.

The PSA expires on a product-by-product basis until the expiration or earlier termination of the LDA in respect of that product or termination of the LDA as a whole. Either party may terminate the PSA on a product-by-product basis for any material breach by the other party that is not remedied within a specified time period. Either party may terminate the agreement with respect to a product if the BLA approval for a product in the territory is revoked by a regulatory authority due to a health, safety or efficacy concern. Under the PSA, Teva may require us to purchase any and all unsold quantities of products ordered by Teva prior to termination. We may terminate the PSA if Teva fails to fulfill the minimum quantity of each product. Additionally, either party may terminate the PSA with respect to a product if a margin split event occurred which results in a negative margin for a period of four (4) consecutive calendar quarters.

China Joint Venture

In September 2018, Alvotech created a 50-50 joint venture with the Joint Venture Partner to develop, manufacture and commercialize Alvotech's biosimilar medicines in China and for the China market. Pursuant to a joint venture agreement, as amended on February 17, 2019, the Joint Venture Partner is investing $100 million in cash to build a state-of-the-art biologic medicine manufacturing facility in Changchun, and Alvotech is contributing the same value via a combination of additional capital and the granting of market licenses for six of its biosimilar medicines in the China market under a separate technology license contract. These capital contributions are made in installments pursuant to the contribution schedule in the joint venture agreement. There are no other anticipated payments under the joint venture agreement aside from the aforementioned capital contributions.

The Joint Venture Partner's responsibilities include building the manufacturing facility, hiring employees, and obtaining the requisite approvals, permits and licenses for the operation of the facility. Alvotech's responsibilities include providing the Joint Venture with technical support for the construction of the facility, procuring equipment, and providing technical experts and training. Profit distributions from the Joint Venture shall be made to Alvotech and the Joint Venture Partner in proportion to their respective paid-up capital contributions. The duration of the Joint Venture is infinite, but the joint venture agreement is subject to certain customary termination rights. Upon termination of the joint venture agreement, the Joint Venture shall be dissolved, or if terminated pursuant to a breach, the non-breaching party may opt to buy out the other party pursuant to the terms of the joint venture agreement.

This joint venture provides Alvotech with the ability to expeditiously enter its products into the Chinese market, leveraging the Joint Venture Partner's experience and reputation in the China market as well as expertise in local registration, certification, and approval processes. In 2019, the Joint Venture broke ground on its manufacturing. The Joint Venture expects to complete certifications and quality controls in the third quarter of 2022 and aims to start producing commercial batches before the end of 2023.

U.S. AbbVie Agreement

On March 8, 2022 Alvotech entered into the U.S. AbbVie Agreement with AbbVie Inc. and AbbVie Biotechnology Ltd with respect to AVT02 for the U.S. market (the "**U.S. AbbVie Agreement**"). Pursuant to the settlement component of the U.S. AbbVie Agreement, the parties agreed to stipulate to the dismissal of all claims, counterclaims and potential claims in the pending litigation, with each party to bear its own fees and costs, in the U.S. For more information about the U.S. litigation that was terminated, please refer to Section 8.10 of the Prospectus. The parties further agreed to release each other from certain claims and demands. Under the licensing component of the U.S. AbbVie Agreement, AbbVie granted Alvotech a license effective July 1, 2023 to make, import, use, distribute, sell and offer for sale AVT02 in the U.S. and a license to manufacture, import and store a reasonable amount of AVT02 in anticipation of the commercial launch of AVT02 in the U.S. Under the agreement, Alvotech may sublicense certain rights to Teva, as a commercialization partner, and may also sublicense to other parties subject to certain conditions. In return,

Alvotech is obligated to pay a royalty to AbbVie in the single-digits of the net sales of AVT02 in the U.S. The agreement does not provide for upfront or milestone payments. The obligation of Alvotech to pay royalties shall terminate on the earlier of (i) February 11, 2025; or (ii) a determination that licensed patents are invalid or unenforceable, at which time the license granted will be deemed fully paid up and irrevocable. Each party has the right to terminate the agreement upon breach of certain terms of the agreement that remains uncured for a certain period of time. Additionally, AbbVie may terminate the agreement if Alvotech takes certain actions concerning the patentability, validity, or enforceability of AbbVie's patents in the U.S. with respect to AVT02.

European AbbVie Agreement

On April 4, 2022, Alvotech entered into the European AbbVie Agreement with AbbVie Biotechnology Ltd ("**AbbVie Biotech**") with respect to the sale of AVT02 in Europe and selected markets outside of Europe (the "**European AbbVie Agreement**"). Pursuant to the settlement component, the parties resolved all intellectual property disputes between Alvotech and AbbVie relating to AVT02 in those territories. For more information about those legal disputes, please refer to Section 8.10 of this Prospectus. The parties further agreed to release each other from certain claims and demands. Under the licensing component of the European AbbVie Agreement, AbbVie granted Alvotech a license effective immediately to make, import, use, distribute, sell and offer for sale AVT02 in Europe and selected markets outside of Europe. Under the agreement, Alvotech may sublicense certain rights to STADA, as a commercialization partner, and may also sublicense to other parties subject to certain conditions. In return, Alvotech is obligated to pay royalties to AbbVie with respect to certain indications that are covered by AbbVie patents, on an indication-by-indication and territory-by-territory basis. For purposes of calculating royalties due under the agreement, the parties agreed that in any territory, a certain percentage of AVT02 sold in such territory is covered by the indication, bringing the effective royalty rate in the single-digit to low-teens percentage range of net sales of AVT02 in the territories. The agreement does not provide for upfront or milestone payments. The royalty payments will terminate, on an indication-by-indication basis, on June 5, 2022, April 11, 2025 and June 3, 2031, respectively, at which time the license granted for that indication will be deemed fully paid up and irrevocable. Alvotech's royalty obligation will terminate earlier if, on a territory-by-territory and indication-by-indication basis, no valid AbbVie patent rights remain. Each party has the right to terminate the agreement upon breach of certain terms of the agreement that remains uncured for a certain period of time. Additionally, AbbVie may terminate the agreement if Alvotech takes certain actions concerning the patentability, validity, or enforceability of AbbVie's patents in Europe with respect to AVT02.

In June 2022, Alvotech's commercial partner, STADA, launched AVT02 under the name Hukyndra in selected European countries, including France, Germany, Austria, Finland, and Sweden under this license. Commercial launches in further European countries are scheduled over the coming months.

Market making in Iceland

The Company has entered into market making agreements with Landsbankinn and Arion Bank hf., reg. no. 581008-0150, Borgartúni 19, 105 Reykjavík ("**Arion**"), who will place bids and offers for certain amounts with a fixed spread between the bid and offer price, in accordance with the terms of the agreements.

When the Ordinary Shares are admitted to trading on the regulated market of Nasdaq Iceland, Landsbankinn will have bids and offers amounting to at least ISK 5 million at market value at any given time. Net value of trades is capped at ISK 10 million per day, i.e. the difference between the aggregate value of all accepted offers and the aggregate value of all accepted bids within the day. The maximum weighted average spread between bid and ask market making orders is based on the rolling 10 days' price volatility of the shares: 1.5% when the 10 days' volatility is 20% or less, 2.5% when the volatility is between 20-35% and 4% when it exceeds 35%. Arion will, at any given time, have bids and offers for a minimum of ISK 7 million at a price per share decided by Arion, that may not deviate from the last trading price by more than 3%. The spread between the bid and offer price shall be decided based on the price table of the regulated market of Nasdaq Iceland. If trades made by Arion based on the market making agreement exceed ISK 35 million within a trading day, Arion is no longer bound by the market making agreement within the same trading day. If price changes of Alvotech shares exceed 5%within a trading day, Arion has the right to increase bid/ask spread to 4%.

Competition

Alvotech believes its focus on biosimilars, investment in its platform, and global market reach endow it with a differentiated set of strategic advantages in the dynamic and competitive biosimilars marketplace. These features include substantial control over quality and capacity allocation; the ability to find and exploit operational and process efficiencies across R&D and manufacturing; and the agility to rapidly, flexibly and efficiently pivot to new opportunities to advance a broad portfolio of product candidates. Alvotech believes these advantages expand its opportunity and support its

commercial and medical goals of accelerating the development of cost-effective biosimilars that are as close to the reference products as possible, and then getting them to the patients around the world who need them.

The specific characteristics of the competitive landscape for each of Alvotech's publicly announced product development programs include but are not limited to:

AVT02. Alvotech expects AbbVie (the originator) as well as Amgen, Boehringer Ingelheim GmbH, Biocon/ FujiFilm/Viatris, Celltrion, Fresenius Kabi Pfizer, Samsung Bioepis, Coherus, and Sandoz to be its main competitors for AVT02, a biosimilar product candidate to Humira (adalimumab). Most of these companies have either launched or disclosed development plans for a 50 mg/mL Humira biosimilar in the U.S., EU, or both, as well as in some other global markets. Celltrion and Alvotech are the only two companies with regulatory approval in the EU for a 100 mg/mL biosimilar version of adalimumab. In August 2022, Samsung Bioepis received approval in the US for a 100 mg/mL biosimilar version of adalimumab. In June-July 2022, Sandoz announced it filed its 100 mg/mL biosimilar version of adalimumab in Europe and the US. Boehringer Ingelheim GmbH has a PK study ongoing to compare its 100 mg/mL biosimilar version of adalimumab with its 50 mg/mL biosimilar version of adalimumab. In November of 2021, Amgen announced that the company is enrolling patients in a Phase 3 study to support interchangeability designation in the U.S. The study indicates Amgen is utilizing a 100 mg/mL version of the product with their study. In August 2022, Celltrion announced it filed an IND with FDA for an interchangeability study for its 100 mg/mL biosimilar version of adalimumab

AVT04. Alvotech expects Janssen (the originator) as well as Amgen, Celltrion, Bio-Thera, Formycon, Dong-A/Meiji Seika, Samsung Bioepis and Bioconto to be its main competitors for AVT04, a biosimilar candidate to Stelara (ustekinumab), all of which have disclosed development plans for a Stelara biosimilar. As the originator, Janssen is expanding the label for Stelara and launching follow-on drugs that could compete with ustekinumab biosimilars.

AVT06. Alvotech expects Regeneron (the originator) Amgen, Celltrion, Formycon, Altos, Sam Chun Dang, Samsung Bioepis, Sandoz and Viatris to be its main competitors for AVT06, a biosimilar candidate to Regeneron's Eylea (aflibercept). As the originator, Regeneron is currently working to expand the label for Eylea and developing higher-concentration formulations.

AVT03. Alvotech expects Amgen (the originator), Celltrion, Fresenius Kabi, Samsung Bioepis, Sandoz, Gedeon Richter, mAbxience, Biocon, Henlius and Teva to be its main competitors for AVT03, a biosimilar candidate to Prolia/Xgeva (denosumab), as they have all disclosed development plans for a Prolia/ Xgeva biosimilar. Sandoz is additionally pursuing development for a biosimilar to Prolia/Xgeva in Japan, as are multiple companies in China. Alvotech believes that Evenity, a follow-on drug launched by Amgen with similar characteristics as Prolia/Xgeva, is likely most indicated for a subpopulation with very severe disease and is priced at a significant premium to Prolia/Xgeva.

AVT05. Alvotech expects Janssen (the originator) and Bio-Thera to be its main competitors for AVT05, a biosimilar candidate to Janssen's Simponi (golimumab). The originator, Janssen, is solidifying the reference product's market position by actively expanding the label and by winning approvals in Japan and China. Alvotech believes that the originator's success in expanding the market for the reference product will prove to be a benefit to AVT05's commercial positioning.

AVT23. Alvotech expects Genentech (the originator), Celltrion and Teva to be its main competitors for AVT23, a biosimilar candidate to Genentech's Xolair (omalizumab), as they have all disclosed development plans for a Xolair biosimilar. As the originator, Genentech is currently working to expand the label for Xolair.

Intellectual Property

The branded pharmaceutical industry relies on patent protection as one of several means to maintain exclusivity on the market. As a biosimilar-focused company, our success will depend in part on our ability to avoid infringement of, to invalidate, and/or to license any relevant and material intellectual property rights of third parties. We expect all branded companies that market products in which we are developing a biosimilar to vigorously protect what they view as their proprietary rights. We fully understand that efforts to market our products may result in patent litigation, which may determine whether a particular patent at issue is valid and whether Alvotech has infringed such a patent. Timelines for resolution to patent disputes are difficult to estimate and are very specific to a particular situation (including, for example, the jurisdiction).

While our principal focus in matters relating to intellectual property is to avoid infringing the valid and enforceable rights of third parties, we also use a combination of intellectual property protection and confidentiality agreements and trade secrets to protect our own intellectual property related to our product candidates and development

programs. We strive to protect and enhance the proprietary technologies, inventions and improvements that we believe are important to our business, including by seeking, maintaining, enforcing and defending trademarks, trade secrets, patent rights, and other intellectual property rights for our products and processes, whether developed internally or licensed from third parties.

We are actively building our own intellectual property portfolio around our product candidates and platform technologies, including our manufacturing processes, and intend to identify and obtain, directly or through a license, as appropriate, patents that provide protection to our intellectual property and technology base. As of June 30, 2022, our patent portfolio consists of several pending patent applications for composition of matter (formulations) related to our AVT02 product:

- We have patent applications entitled "pharmaceutical formulations for adalimumab" that are pending in Europe, Canada, Australia, Japan, New Zealand, China, and the United States, all owned by Alvotech. Any patents issuing from these pending applications would be expected to expire no earlier than 2038.

- We also have patent applications entitled "Aqueous Formulations of TNF-alpha Antibodies in High Concentrations" that are pending in Australia, New Zealand, Japan, Israel, Europe, China, the United States and Canada, all owned by Alvotech. Any patents issuing from these pending applications would be expected to expire no earlier than 2040.

With respect to these pending and any future applications, we cannot be sure that patents will be granted in any or all jurisdictions, nor can we be sure that any patents that may be granted to us in the future will be commercially useful in protecting our products. In addition to patents, Alvotech also relies on trademarks, trade secrets, know-how, continuing technological innovation, confidentiality agreements, and IP assignment agreements in place with our employees to develop and maintain our proprietary position and ensure the future commercial success of our products.

8.9 Facilities

As of the date of this Prospectus, Alvotech has nine locations.

Alvotech's registered office is at 9, Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, where it has approximately 500 square feet of office space. This location is used for administrative functions only.

Our corporate headquarters, main manufacturing site and a large part of our R&D division are located in Reykjavik, Iceland. This facility provides us with purpose-built GMP, and has highly integrated capabilities for producing biosimilars at scale. Our facility is currently approximately 140,000 square feet and utilizes single-use technology to manufacture drug substance and drug product. The Reykjavik facility houses Alvotech's R&D, quality control and quality assurance teams and has an active and valid GMP certificate issued by the Icelandic Medicines Authority authorizing Investigational Medicinal Product and commercial manufacturing. In December 2020, Alvotech broke ground on an expansion of its Reykjavik facility that will double its total footprint, adding another 140,000 square feet. The expansion is expected to be completed in early 2023 and will give us additional redundancy in our drug product capacity, assembly of combination products and devices, and secondary packaging. Additionally, the expansion will support increased warehousing and other supportive functions. With the expansion of the Reykjavik facility's manufacturing capabilities, we expect our capabilities to be able to meet the demand for our products, after obtaining regulatory approval and commercial launch, in the near future. See Section 10.3.7 of this Prospectus for more information.

During this expansion, our R&D functions have temporarily moved to two other spaces at Klettagarðar 2 and 6 in Reykjavik. Permits from the Icelandic EPA (*Umhverfisstofnun*) and the city of Reykjavik have been granted for the operations in Klettagardar 6. These facilities have no known additional environmental risks that might impact our operations or utilization of facilities.

Additionally, in Reykjavik we also have two office spaces, each approximately 4,700 square feet, and a new warehouse of approximately 36,000 square feet that opened in the fourth quarter of 2021 and will increase our warehousing capabilities and allow for laboratories to sample incoming materials. We expect these laboratories to be operational early in 2023.

We also have a facility in Jülich, Germany that focuses on cell line, media, process and analytical development, including tailored clone creation and selection. The Jülich site also serves as a warehouse for supply continuity of master cell banks and working cell banks for our lead product candidates that are produced at contract manufacturing

organizations. This facility is approximately 15,000 square feet and is not used for manufacturing.

We have a facility in Hannover, Germany that houses our capabilities in analytical glycoprotein characterization. This facility is approximately 14,000 square feet and is not used for manufacturing.

Our Virginia, USA office provides our U.S. regulatory, government policy and legal affairs functions. This office is approximately 3,200 square feet. This facility is not used for manufacturing.

Our office in Zurich, Switzerland features our strategic clinical and Medical Affairs R&D center that focuses on late-stage development and regulatory filings. This facility is approximately 3,800 square feet and is not used for manufacturing.

We also have a new facility in Bangalore, India that expands our talent base for research and development professionals and for other technical roles for our fast growing business. This facility is approximately 6,100 square feet. This facility is not used for manufacturing.

Our office in Malta is used for administrative functions only.

Our office in London, United Kingdom is used for administrative functions only.

We believe that our office, research, laboratory and manufacturing facilities, including the ongoing expansion of the Reykjavik facility, are sufficient to meet our current needs. However, as a high-growth company we are constantly evaluating our needs for expanding and or adding to our facilities.

Alvotech holds operational permits from the city of Reykjavik for our facilities in Iceland. The permits address potential environmental impact from our operations. They also address factors that could impact our neighboring communities, such as noise pollution, handling of hazardous substances, air emissions, handling of solid waste and wastewater. We are also required to hold permits from the Icelandic EPA (*Umhverfisstofnun*) for the use of GMOs in our facilities. We are subject to Icelandic law and regulations, many of whom are set by the Icelandic EPA (*Umhverfisstofnun*) and the Icelandic Administration of Occupational Safety and Health (*Vinnueftirlitið*).

We are not aware of, and do not anticipate, environmental issues that may affect our utilization of the facilities described above.

8.10 Legal Proceedings

From time to time, Alvotech may become involved in additional legal proceedings arising in the ordinary course of its business. Except as disclosed under this section 8.10 (*Legal Proceedings*), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during the previous 12 months which may have, or have had had in the recent past significant effects on the issuer and/or group's financial position or profitability.

U.S. Litigations

On March 19, 2021, AbbVie filed an action against Alvotech hf. in the United States District Court for the Northern District of Illinois alleging trade secret misappropriation under the Defend Trade Secrets Act and under the Illinois Trade Secrets Act. The complaint pleaded, among other things, that Alvotech hf. hired a certain former AbbVie employee in order to acquire and access trade secrets belonging to AbbVie. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie settled all U.S. litigation arising out of the development of Alvotech's adalimumab biosimilar, and the filing of the corresponding BLA with the FDA. The case is now dismissed.

On December 17, 2021, AbbVie Inc., AbbVie Biotechnology Ltd, and AbbVie Operations Singapore Pte. Ltd. filed a complaint with the U.S. International Trade Commission against Alvotech hf., Alvotech Germany GmbH, Alvotech Swiss AG, Alvotech USA Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA Inc., and Ivers-Lee AG (Certain Adalimumab, Processes for Manufacturing or Relating to Same, and Products Containing Same, Investigation No. 337-TA-1296). The complaint raised trade secret misappropriation allegations similar to those raised

in the trade secret litigation that AbbVie previously filed in the Northern District of Illinois. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie jointly sought dismissal of this action for all respondents, with each respondent to bear its own fees and costs. The action is now terminated.

On April 27, 2021, AbbVie filed an action against Alvotech hf. in the United States District Court for the Northern District of Illinois, alleging infringement of four patents, under the patent laws of the United States. On May 28, 2021, AbbVie filed another action against Alvotech hf. in the United States District Court for the Northern District of Illinois alleging infringement of 58 patents, under the patent laws of the United States, the BPCIA, and the Declaratory Judgment Act, and later added three more patents. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie agreed to jointly seek dismissal of all claims, counterclaims, potential claims and counterclaims in these cases without prejudice, with each respondent to bear its own fees and costs. The cases are now dismissed.

In 2022, prior to the issuance date of these unaudited condensed consolidated interim financial statements, the Group was involved in four litigations in the United States arising out of the development of its adalimumab biosimilar, and the filing of the corresponding biologics license application with the U.S. Food and Drug Administration.

On March 8, 2022, Alvotech entered into the AbbVie U.S. Agreement with AbbVie Inc. and AbbVie Biotechnology Ltd with respect to AVT02 for the U.S. market. Pursuant to the settlement component of the AbbVie U.S. Agreement, the parties agreed to stipulate to the dismissal of all claims, counterclaims and potential claims in the four U.S. litigations, with each party to bear its own fees and costs. The parties further agreed to release each other from certain claims and demands. Under the licensing component of the AbbVie U.S. Agreement, AbbVie granted Alvotech a license effective July 1, 2023 to make, import, use, distribute, sell and offer for sale AVT02 in the U.S. and a license to manufacture, import and store a reasonable amount of AVT02 in anticipation of the commercial launch of AVT02 in the U.S. Under the agreement, Alvotech may sublicense certain rights to Teva, as a commercialization partner, and may also sublicense to other parties subject to certain conditions. In return, Alvotech is obligated to pay a royalty to AbbVie in the single-digits of the net sales of AVT02 in the U.S. The agreement does not provide for upfront or milestone payments. The obligation of Alvotech to pay royalties shall terminate on the earlier of (i) February 11, 2025; or (ii) a determination that licensed patents are invalid or unenforceable, at which time the license granted will be deemed fully paid up and irrevocable. Each party has the right to terminate the agreement upon breach of certain terms of the agreement that remains uncured for a certain period of time. Additionally, AbbVie may terminate the agreement if Alvotech takes certain actions concerning the patentability, validity or enforceability of AbbVie's patents in the U.S. with respect to AVT02.

The Group will continue to monitor developments of litigations and reassess the potential financial statement impact at each future reporting period.

The Group incurred $8.7 million in legal expenses during the six months ended June 30, 2022 in relation to these litigations. Aside from these matters, the Group was not a party to any material litigations or similar matters during that time period.

Canadian Litigations

On 31 March 2021, AbbVie filed four actions in the Federal Court of Canada (T-557-21, T-559-21, T-560-21 and T-561-21, collectively, the "**NOC Actions**") against JAMP Pharma, which is Alvotech's exclusive Canadian partner for AVT02 (adalimumab solution for injection). No Alvotech entity is a named party in the NOC Actions. AbbVie is seeking declarations pursuant to the Patented Medicines (Notice of Compliance) Regulations and the Patent Act that JAMP Pharma's adalimumab solution for subcutaneous injection (the "**JAMP Pharma Products**") would directly or indirectly infringe the asserted claims of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745. JAMP Pharma counterclaimed, in each of the four actions, alleging that the asserted claims of each of the six patents are invalid.

On April 6, 2021, JAMP Pharma commenced four actions in the Federal Court of Canada (T-572-21, T-573-21, T-577-21 and T-581-21, collectively, the "**Impeachment Actions**") seeking declarations that all claims of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745 are invalid, void and of no force or effect, and declarations that the making, using or selling of the JAMP Pharma Products by JAMP Pharma in Canada will not infringe any valid claim of Canadian Patent Nos. 2,898,009; 2,904,458; 2,504,868; 2,847,142; 2,801,917 and 2,385,745. No Alvotech entity is a named party in the Impeachment Actions.

On June 4, 2021, JAMP Pharma amended its Statements of Claim in the Impeachment Actions to only seek

declarations that the specific claims asserted in the NOC Actions are invalid, void and of no force or effect, and declarations that the making, using or selling of the JAMP Pharma Products by JAMP Pharma in Canada will not infringe the asserted claims. AbbVie has counterclaimed for declarations that the asserted claims of the patents are valid and that they will be infringed by JAMP Pharma.

The pleadings are closed and the parties exchanged documentary productions as part of the discovery process on September 3, 2021. The trial of the Impeachment Actions and the NOC Actions is scheduled to commence on November 14, 2022.

In the event of a successful claim of patent infringement against JAMP Pharma, JAMP Pharma may be blocked from the market and Alvotech may have to redesign its infringing products or obtain a license from AbbVie, which may be impossible or require substantial time and monetary expenditure. Even if JAMP Pharma is successful in defending against AbbVie's patent infringement claims, litigation could result in substantial costs and be a distraction to management and other employees.

In December 2021, Health Canada informed JAMP Pharma that the 40 mg/0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI are not subject to the 24-month statutory stay pursuant to the Patented Medicines (Notice of Compliance) Regulations because AbbVie elected to not market the equivalent high-concentration versions to Canadian patients. In January 2022, JAMP Pharma received notices of compliance for the 40 mg/0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI. AbbVie has commenced applications to judicially review Health Canada's decision in the Federal Court of Canada, and a hearing took place on May 16-17, 2022. On August 17, 2022, the court issued a decision, finding that Health Canada's interpretation of the regulations was reasonable and dismissing AbbVie's applications for judicial review.

In the event that AbbVie appeals the court's decision, and an appellate court finds in AbbVie's favor, then JAMP Pharma's notices of compliance may be quashed, resulting in JAMP Pharma not being able to market the 40 mg/ 0.4 mL and 80 mg/0.8 mL presentations of SIMLANDI until a favorable trial decision is released in the ongoing patent infringement claims brought by AbbVie against JAMP Pharma.

Preliminary Injunction Proceedings in Netherlands

On April 15, 2021, AbbVie Biotech filed a writ of summons, bringing preliminary injunction proceedings (Case number: C/09/610604 KG ZA 21-366) against Alvotech hf., Alvotech Swiss AG, and STADA Arzneimittel AG (collectively, "**Defendants**") in the District Court of Amsterdam, relating to the European Marketing Authorization Application for AVT02, and asserting European Patent Nos. EP 1 737 491 and EP 2 940 044. AbbVie Biotech sought, after amendment of its claims, an order for the defendants to obtain a Marketing Authorization for AVT02 with a carve-out pursuant to Article 11, second paragraph, of Directive 2001/83/EC, whereby the indications allegedly protected by EP 1 737 491 and/or EP 2 940 044 and the corresponding dosage regimens are removed from certain portions of the SmPC of the Marketing Authorization, before AVT02 is marketed in Iceland, Norway, Liechtenstein and the EU countries where the asserted patents are valid. AbbVie Biotech also sought periodic penalty payments and an order to pay the costs of the proceedings. The Court heard oral argument on June 18, 2021. On July 16, 2021, the Court issued a decision, denying AbbVie Biotech's request for relief and ordering AbbVie Biotech to pay the defendants' costs. AbbVie Biotech did not appeal the Court's ruling.

Proceedings Before the European Patent Office

On July 15, 2021, Alvotech hf. filed an intervention with the European Patent Office in the appeal opposition proceedings (T1837/19-3.304) relating to EP2940044, assigned to AbbVie Biotech. In 2017, a number of oppositions were filed with the Opposition Division of the European Patent Office ("**Opposition Division**") against EP2940044. On July 15, 2021, Alvotech hf. also filed an intervention with the European Patent Office in the appeal opposition proceedings (T1039/19-3.304) relating to EP1737491, assigned to AbbVie Biotech. On April 1, 2022 AbbVie and Alvotech entered into the European AbbVie Agreement pursuant to which, among other things, Alvotech and AbbVie settled all European legal proceedings relating to AbbVie's adalimumab patents. Pursuant to that agreement, the interventions have been withdrawn.

Proceedings Before the Japanese Patent Office

On February 24, 2021, Alvotech hf. filed a petition to invalidate JP5813618, assigned to AbbVie Biotech with the Japanese Patent Office (No. 2021-800014). Alvotech hf.'s grounds for invalidation include that the claims of JP5813618 lack clarify and are unenforceable. AbbVie Biotech has filed its reply to the petition.

On March 16, 2021, Alvotech hf. filed a petition to invalidate JP5840364, assigned to AbbVie Biotech, with the Japanese Patent Office (No. 21-800020). Alvotech hf.'s grounds for invalidation include that the claims of JP5840364 are obvious and unenforceable. AbbVie Biotech has filed its response to the petition. An oral hearing took place in January 2022. In May 2022, the Japanese Patent Office dismissed Alvotech's petition to invalidate JP5840364.

In June 2022, Alvotech entered into a Settlement and License Agreement with AbbVie Inc., AbbVie Biotechnology Ltd, and AbbVie Bahamas Ltd. with respect to AVT02 in Australia, Japan, Israel, Mexico, New Zealand, Republic of Korea, China, Hong Kong, Indonesia, Malaysia, Philippines, Saudi Arabia, Singapore, South Africa, Taiwan and certain other territories. With that settlement agreement executed, the parties have now resolved all intellectual property disputes before the Japanese Patent Office. In June 2022, Alvotech filed petitions to withdraw its petitions to invalidate JP5813618 and JP5840364.

9. MANAGEMENT AND EMPLOYEES

9.1 Management and Board of Directors

The following table sets forth the executive officers and directors of Alvotech. Unless otherwise noted, the business address of each of the directors and executive officers of Alvotech is 9, Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg.

The said executive officers and non-executive directors have not been involved in bankruptcy, liquidation or similar procedure, fraud or other financial crime related conviction in the past five years or are involved with such ongoing procedures. Please note that the date of expiration of the current term of office for the directors is the date of the annual general meeting to take place in the year 2025.

There are no principal activities performed by the said executive officers and non-executive directors outside of the Issuer, which are significant to the Issuer.

Name	Age	Title
Executive Officers		
Robert Wessman*	52	Executive Chairman of the Board of Directors
Mark Levick**	59	Chief Executive Officer
Tanya Zharov	55	Deputy Chief Executive Officer
Joseph E. McClellan	49	Chief Scientific Officer
Joel Morales	44	Chief Financial Officer
Directors		
Richard Davies	61	Director and Deputy Chairman
Tomas Ekman	54	Director
Faysal Kalmoua	47	Director
Ann Merchant	57	Director
Arni Hardarson	56	Director
Lisa Graver	50	Director
Linda McGoldrick	67	Director

* *On December 1, 2022, Robert Wessman has been appointed as the new Chief Executive Officer of the Company, effective as of January 1, 2023.*

** *Mark Levick has resigned the position of the Chief Executive Officer of the Company, effective as of January 1, 2023.*

Executive Officers

Robert Wessman is the founder 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. Mr. Wessman has notably an indirect beneficial ownership interest in Aztiq Pharma Partners, which holds indirectly approximately 36.6% of Alvotech's share capital. He furthermore holds an indirect beneficial ownership interest in Alvogen. Transactions entered into in which Alvotech on one side and Aztiq Pharma Partners and/or Alvogen have conflicting financial interests and which are submitted for approval of the board of directors therefore result in a conflict of interest for Robert Wessman in such decisions and will abstain from participating in the discussions and decisions on these matters within the audit and risk committee. All related party transactions are furthermore submitted to the audit and risk committee for review approval before decision of the board as per the applicable governance rules Alvotech has adopted in the framework of the listing on Nasdaq. On December 1, 2022, Robert Wessman has been appointed as the new Chief Executive Officer of the Company, effective as of January 1, 2023.

Mark Levick has served as our Chief Executive Officer since August 2019. Prior to joining Alvotech , between 2016 and 2019, Mr. Levick served as Global Head of Development of Sandoz Biopharmaceuticals (a business unit of

Novartis). Between 2008 and 2016, Mr. Levick served in various roles at Novartis in the United States and Switzerland, including serving as the head of biologics, clinical development and respiratory development. Mr. Levick holds a PhD in vaccine development from Cambridge University, and is a fellow of the Royal College of Pathologists of Australasia and the Australasian College of Tropical Medicine. Mark Levick has resigned the position of the Chief Executive Officer of the Company, effective as of January 1, 2023

Tanya Zharov has served as our Deputy Chief Executive Officer since May 2020. Prior to joining Alvotech, between 2016 and 2020, Ms. Zharov served as Deputy Chief Executive Officer and compliance officer of deCODE genetics. Prior to that, Ms. Zharov held various management positions, including as General Counsel and Deputy Chief Executive Officer at Virding hf from January 2014 to January 2016, as General Counsel and Deputy Chief Executive Officer at Audur Capital from January 2008 to December 2013, as Board Secretary, corporate counsel and Vice President Corporate Governance and Administration at deCODE genetics from July 2003 to December 2007, and as tax partner at PricewaterhouseCoopers from June 1996 to December 1998. Ms. Zharov holds a law degree from the University of Iceland and is a European Patent Attorney.

Joseph E. McClellan has served as our Chief Scientific Officer since October 2019. Prior to joining Alvotech, Mr. McClellan served for over 17 years in various roles at Pfizer Inc., including as Global Head of Biosimilars Development and Medicine/Asset Team Leader of *IXIFI* (biosimilar infliximab). Mr. McClellan holds a PhD degree in Chemistry, with a focus in Analytical Chemistry and Mass Spectrometry, from the University of Florida, and he was a Postdoctoral Fellow in Mass Spectrometry and Analytical Biochemistry at the Boston University School of Medicine.

Joel Morales has served as our Chief Financial Officer since February 2020 after serving as Chief Financial Officer at our affiliated company Alvogen since 2017. Prior to joining Alvotech, he held various positions of increasing responsibility with Endo International plc., from January 2015 to September 2017, with his last position as Senior Vice President of the Generics Business Segment and Global Finance Operations. Prior to that, Mr. Morales spent ten years working for large multinational pharmaceutical companies, including Merck and Schering Plough. Mr. Morales began his career at KPMG as a licensed certified public accountant in the State of New Jersey and has a Bachelor of Science degree in Accounting from Rutgers University.

Non-Executive Directors

Richard Davies has served Deputy Chairman of Alvotech's board, previously 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 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 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 Iceland ehf. and Alvogen, Inc. 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 Synthon 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 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 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. Mr. Hardarson is notably an indirect beneficial owner of Aztiq Pharma Partners, which holds indirectly approximately 36.6% of Alvotech's share capital. Transactions entered into in which Alvotech and Aztiq Pharma Partners have conflicting financial interests and which are submitted for approval of the audit and risk committee therefore result in a conflict of interest for Mr. Hardarson in such decisions and will abstain from participating in the discussions and decisions on these matters within the board of directors. All related party transactions are furthermore submitted to the audit and risk committee for review approval before decision of the board as per the applicable governance rules Alvotech has adopted in the framework of the listing on Nasdaq.

Lisa Graver 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.

Linda McGoldrick has served as one of Alvotech's directors since June 2022. In 1985, Ms. 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, Ms. McGoldrick served as interim CEO at Zillion between June 2019 and December 2019. Over her professional career, Ms. 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, Ms. McGoldrick was appointed by the Governor of Massachusetts to serve on the state's Health Information Technology Commission. Ms. 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, Ms. McGoldrick was named as one of the Top 100 Corporate Directors of Fortune 100 Companies by the Financial Times. Ms. 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.

9.2 Conflicts of Interest

Save as otherwise provided by the Luxembourg Company Law, any member of the board of directors who has, directly or indirectly, a financial interest conflicting with the interest of the Company in connection with a transaction falling with the competence of the board of directors, must inform the board of directors of such conflict of interest and must have his declaration recorded in the minutes of the board of directors meeting. The relevant member of the board of directors may not take part in the discussions relating to such transaction nor vote on such transaction. Any such conflict of interest must be reported to the next general shareholders' meeting prior to such meeting taking any resolution on any other item.

Where, by reason of a conflicting interests, the number of members of the board of directors required in order to validly deliberate is not met, the board of directors may decide to submit the decision on this specific item to the general shareholders' meeting. The conflict of interest rules shall not apply where the decision of the board of directors relates to day-to-day transactions entered into under normal conditions.

Save as otherwise provided by law, any member of the board of directors who has, directly or indirectly, a financial interest conflicting with the interest of the Company in connection with a transaction falling with the competence of the board of directors, must inform the board of directors of such conflict of interest and must have his declaration

recorded in the minutes of the meeting of the board of directors. The relevant member of the board of directors may not neither take part in the discussions relating to such transaction nor vote on such transaction. Any such conflict of interest must be reported to the next general shareholders' meeting prior to such meeting taking any resolution on any other item. Where, by reason of conflicting interests, the number of board of directors required in order to validly deliberate is not met, the board of directors may decide to submit the decision on this specific item to a special committee of the board of directors.

Arni Hardarson and Robert Wessman have notably indirect beneficial ownership interests in Aztiq Pharma Partners, which holds indirectly approximately 36.6 % of Alvotech's share capital. Robert Wessman furthermore has an indirect beneficial ownership interest in Alvogen. Transactions entered into in which Alvotech and Aztiq Pharma Partners and/or Alvogen have conflicting financial interests and which are submitted for approval of the board of directors therefore result in a conflict of interest for Arni Hardarson and/or Robert Wesmann in such decisions and they will abstain from participating in the discussions and decisions on these matters within the board of directors of Alvotech. All related party transactions are furthermore submitted to Alvotech's audit and risk committee for review and approval before decision of the board of directors as per the applicable governance rules Alvotech has adopted in the framework of the listing on Nasdaq.

Other than as disclosed herein, no conflicts of interest or potential conflicts of interest exist between the members of the board of director as regards Alvotech on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

9.3 Corporate Governance

As a Luxembourg governed company that is traded on the Nasdaq Iceland, Alvotech is not required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg. Alvotech, however, complies with Guidelines on Corporate Governance, version 6, published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise, as its shares are traded on the Nasdaq Iceland. As a foreign private issuer for U.S. securities law purposes, Alvotech is permitted to follow home country practice in lieu of certain corporate governance rules of the Nasdaq, including those that require listed companies to have a majority of independent directors and independent director oversight of executive compensation, nomination of directors and corporate governance matters.

Alvotech structured its corporate governance in a manner it believes closely aligns its interests with those of its shareholders. Notable features of this corporate governance include:

- Alvotech has three independent directors and independent director representation on our audit, compensation and nominating committees immediately following the consummation of the Business Combination, and Alvotech's independent directors will meet regularly in executive sessions without the presence of our corporate officers or non-independent directors;
- At least one of the independent directors qualifies as an "audit committee financial expert" as defined by the SEC; and
- Alvotech implemented a range of other corporate governance practices, including a robust director education program.

9.4 Non-Classified Board of Directors

In accordance with Alvotech's articles of association, Alvotech's board of directors is not divided into classes of directors. The Directors were appointed until the end of the general meeting of shareholders called to approve the Alvotech's annual accounts for the 2024 financial year.

9.5 Independence of our Board of Directors

Three of Alvotech's eight directors are independent as defined in Nasdaq listing standards and applicable SEC rules and Alvotech's board of directors has an audit and risk committee, a nominating committee, a compensation committee, an ESG committee and a strategy committee.

9.6 Board Committees

Audit and Risk Committee

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;
- monitoring the board of directors with respect to:
  - the relations with, and the compliance with recommendations and follow-up of comments made by, the internal audit function and the external auditor;
  - the application of information and communication technology by the Company, including risks relating to cybersecurity;
- ensuring the Company's compliance with applicable legal and regulatory requirements as well as with the Company's code of business conduct and ethics and its other internal policies;
- 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 person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

The members of Alvotech's audit and risk committee are Ms. McGoldrick (Chair), Ms. Merchant and Mr. 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 committee financial expert," as such term is defined in Item 407(d) of Regulation S-K. The audit and risk committee's charter is available on Alvotech's website. The reference to Alvotech's website address in this prospectus does not include or incorporate by reference the information on Alvotech's website into this prospectus.

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.

The members of Alvotech's compensation committee are Mr. Davies (Chair), Mr. Hardarson and Mr. Ekman.

Nominating and Corporate Governance Committee

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 the directors and other 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.

The members of Alvotech's nominating committee are Mr. Davies (Chair), Mrs. Graver and Mr. Ekman.

The nominating and corporate governance committee's charter is available on Alvotech's website. The reference to Alvotech's website address in this prospectus does not include or incorporate by reference the information on Alvotech's website into this prospectus.

ESG Committee

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.

The members of Alvotech's ESG committee are Ms. Merchant (Chair), Mr. Hardarson and Mr. Wessman. The ESG committee charter is currently being developed and is not available yet on Alvotech's website.

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 Mr. Faysal Kalmoua (Chair), Ms. Lisa Graver and Mr. Wessman. The Strategy committee charter is currently being developed and is not available yet on Alvotech's website.

9.7 Risk Oversight

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 of directors' leadership structure.

9.8 Compensation of Directors and Officers

On June 8, 2022, Alvotech adopted its Non-Employee Director Compensation Policy (the "**Director Compensation Policy**"). Under the Director Compensation Policy, each non-employee director of Alvotech will receive an annual retainer of $50,000, the Executive Chairperson (Mr. Wessman) will receive an additional annual retainer of $20,000 and the Deputy Chairperson (Mr. Davies) an additional annual retainer of $25,000. In addition, the chairpersons of the audit and risk committee, compensation committee, and nominating committee will receive a retainer of $20,000, and non-chair members of the audit and risk committee, compensation committee, and nominating committee will receive a retainer of $10,000.

Non-employee directors who are appointed or elected after the Closing Date will receive an initial award of restricted stock units with a value of $250,000, which will vest in three equal annual installments on the first three anniversaries of the grant date. Each non-employee director will also receive an automatic annual restricted stock unit award, the value of which will be determined by a third party. The value of such annual grant will be prorated for each individual who has been in service as a non-employee director for less than one year as of such annual meeting. The automatic annual grants will vest on the earlier of the first anniversary of the grant or the date immediately preceding the date of the following annual meeting of shareholders.

All vesting of the restricted stock units is subject to the non-employee director's continuous service on the applicable vesting date. However, for each eligible director who remains in continuous service until immediately prior to the occurrence of a change in control (as such term is defined in the 2022 Plan), the shares subject to his or her then-outstanding restricted stock unit awards will become fully vested immediately prior to the closing of such change in control event.

Each of Alvotech's executive officers has entered into an employment agreement with Alvotech for an indefinite period of time. The agreements provide the terms of each individual's employment or service with Alvotech, as applicable.

Each employment agreement contains provisions regarding non-competition, non-solicitation, confidentiality of information and assignment of inventions. The enforceability of the non-competition covenants is subject to limitations. Either Alvotech or the executive officer may terminate the applicable executive officer's employment or service by giving advance written notice to the other party. Alvotech may also terminate an executive officer's employment or services agreement for cause (as defined in the applicable employment or services agreement).

Alvotech's executive compensation program to reflects its compensation policies and philosophies, as they may be modified and updated from time to time. In addition to a base salary and certain performance-based bonuses, executive officers can be eligible to receive awards under the Management Incentive Plan, as further described below. Decisions with respect to the compensation of our executive officers, including our named executive officers, are made by the compensation committee of Alvotech's board of directors.

The aggregate compensation, including benefits in kind, accrued or paid to our executive officers with respect to the year ended December 31, 2021, for services in all capacities was $7.3 million, which includes $5.9 million compensation paid, as well as amounts accrued in respect of future periods as described further below, and pensions, retirement or similar benefits.

Company Management Incentive Plan

Alvotech's chairman has adopted, and Alvotech's shareholders approved, a new 2022 equity incentive plan (the "**2022 Plan**") on June 13, 2022. The 2022 Plan came into existence upon its adoption by Alvotech's chairman. While shares for the 2022 Plan have been reserved, no grants were made under the 2022 Plan as of the date of the date of this

Prospectus.

Awards. The 2022 Plan will provide for the grant of shares, restricted shares units, options or any combination of the foregoing including such other Awards that may be denominated or payable in, value in whole or in part, by reference to or otherwise based upon, or related to, shares (the "**Awards**") to our employees, directors, and consultants and any of our affiliates' employees and consultants.

Authorized Shares. Initially, the maximum number of ordinary shares that may be issued under the 2022 Plan after it becomes effective will not exceed 5.79% of the share capital of Alvotech on a fully diluted basis. In addition, the number of ordinary shares reserved for issuance under the 2022 Plan may be increased by Alvotech's board of directors by up to 1% annually over ten (10) years from the date of approval of the 2022 Plan.

Plan Administration. Our board of directors, or any person or persons or committee to whom decision-making authority with respect to the Plan is delegated by our board of directors (the "**Administrator**") will administer the 2022 Plan.

Plan Amendment or Termination. Our board of directors and the Administrator have the authority to amend, suspend, the 2022 Plan at any time and from time to time, and our Board of directors has the authority to terminate the 2022 Plan provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our shareholders. No Awards may be granted after the tenth anniversary of the date our board of directors adopts the 2022 Plan. No Awards may be granted under the 2022 Plan while it is suspended or after it is terminated. Rights under any Award granted before suspension or termination of the Plan shall not be impaired by such suspension or termination.

Management Share Appreciation Rights Agreements

As part of its long-term incentive program, Alvotech hf. had entered into "phantom share agreements," which were defined as Share Appreciation Rights ("**SARs**") for financial purposes, with certain members of management. The vesting conditions of the SARs under the phantom share agreements were linked to certain milestones in Alvotech's operations and the payment amounts were determined by the increase in Alvotech´s market value from the grant date of the SARs until the triggering event occurred. The SARs did not give the beneficiaries dividend rights, voting rights or the right to purchase shares of Alvotech but required Alvotech to pay the beneficiaries a cash payment associated with the occurrence of certain designated triggering events. In conjunction with the Business Combination, Alvotech terminated deferred compensation arrangements by entering into settlement agreements with the three former employees and one current employee that had outstanding rights under the phantom share agreements of $38.1 million as of the Closing. Alvotech agreed with one former employee to settle his claim by paying a one-time lump sum of $1.5 million, reduced by any applicable tax withholdings and pension fund contribution, on June 16, 2022. Alvotech further agreed with the two other former employees to settle each of their respective claims of $17.5 million, as may be reduced by any applicable tax withholdings, through the allocation of a number of ordinary shares by dividing their respective claims by a per share price of $10.00, rounded to the nearest whole share. The shares will be allocated to them on June 16, 2023, one year and one day following the Closing. Alvotech also agreed with one current employee to settle his outstanding claim of $1.5 million in either shares or cash, payable on June 16, 2023, one year and one day from the Closing. To minimize the dilutive impact of the settlement in shares, Alvotech reduced the authorized shares that may be issued under the Company Management Incentive Plan from 7%, to 5.79%.

9.9 Employees

As of July 28, 2022, Alvotech had 903 employees, including 25 contractors, 87% of whom were devoted to R&D, quality and technical operations, and 13% to administration and support roles. Approximately 58% of our employees hold a PhD, MD or master's degree. As of December 31, 2021, Alvotech had a total of 732 employees. The average number of individuals employed by the Group during the years ended December 31, 2021, 2020 and 2019 was 645, 488 and 341, respectively.

10. SHAREHOLDER INFORMATION, CONTROLLING INTEREST AND RELATED PARTY TRANSACTIONS

10.1 Major Shareholders

The following table sets forth the major direct and indirect shareholders of the Company based on the Company's share register regarding holders of shares in the Company and to the Company's best knowledge regarding as of the date of this Prospectus. We have based percentage ownership on 275,721,672 Ordinary Shares outstanding as of the date of this Prospectus (including the 27,072,167 Ordinary Shares issued on July 4, 2022 and held in treasury by Alvotech's subsidiary, Alvotech Manco ehf.). The Company's major shareholders do not have different voting rights (except the voting rights attaching to the shares held by Alvotech Manco ehf. which are suspended).

Name of shareholder	Number	Percentage
Alvogen Lux Holdings S.à r.l.(1)	90,005,334	32.26%
Aztiq Pharma Partners S.à r.l. (2)	101,147,803	36.68%
Alvotech Manco ehf.	27,072,167	9.82%

1) Includes shares held by Alvogen Lux Holdings S.a r.l. ("**Alvogen**"). Through intermediary holding entities, Alvogen is a wholly-owned subsidiary of Celtic Holdings SCA ("**Celtic Holdings**"). Investment and voting decisions at Celtic Holdings are made by a majority vote of its board of directors, and therefore no individual director of Celtic Holdings is the beneficial owner of the securities, except with respect to the shares in which such director holds a pecuniary interest. The address of Alvogen is 5, Rue Heienhaff, L-1736 Senningerberg, Luxembourg, Grand-Duchy of Luxembourg and the address of Celtic Holdings is 20, avenue Monterey, L-2163 Luxembourg, Grand-Duchy of Luxembourg. Each of Carmen Andre, Christoffer Sjøqvist, Tomas Ekman, Park Jung Ryun, Robert Wessman and Arni Hardarson is a director of Celtic Holdings entitled to participate in investment and voting decisions and therefore may be deemed to share voting and dispositive power with respect to the shares held by Celtic Holdings. Carmen Andre, Christoffer Sjøqvist, Tomas Ekman, Park Jung Ryun, Robert Wessman and Arni Hardarson each disclaim any beneficial ownership of any such shares, except to the extent of his or her pecuniary interest therein.

2) Includes shares held by Aztiq Pharma Partners S.à r.l. ("**Aztiq**"). Aztiq is a wholly-owned subsidiary of Aztiq Fund I SCSp ("**Aztiq Fund**"). Investment and voting decisions at Aztiq Fund are made by its general partner, Floki GP S.à r.l. ("**Aztiq GP**"). The address of APP is 5, Rue Heienhaff, L-1736 Senningerberg, Grand-Duchy of Luxembourg and the address of Aztiq Fund and Aztiq GP is at 4 Rue Robert Stumper, L-2557 Luxembourg, Grand-Duchy of Luxembourg. Each of Danny Major, Marc Lefebvre, Robert Wessman, Johann Johannsson and Arni Hardarson is a member of the board of directors of Aztiq GP entitled to participate in investment and voting decisions and therefore may be deemed to share voting and dispositive power with respect to the shares held by Aztiq Fund. The Horizon Trust indirectly holds a controlling interest in Aztiq. In addition, Aztiq holds, through its affiliate ATP Holdings ehf. the right to convert their convertible bonds into ordinary shares of Alvotech credited as fully paid on December 31, 2023 and June 30, 2024 or when the bond has been called or put up for redemption, including on the maturity date; provided that each exercise of the conversion right must be with respect to a principal amount of at least $5,000,000, or if such exercise is with respect to all of the bonds and the principal amount of such Bonds is less than $5,000,000, such lesser amount. The conversion price is $10.00 per share, subject to certain adjustments stipulated in the convertible bond instrument.

10.2 Controlling Interest

To the knowledge of the Company, The Horizon Trust holds a controlling interest in the Company within the meaning of the Luxembourg Takeover Law, which may differ from standards used under other regulatory regimes.

10.3 Related Party Transactions

The Board of Directors has adopted a written related person transaction policy that sets forth certain policies and procedures for the review and approval or ratification of transactions involving Alvotech in which a related person has or will have a direct or indirect material interest, as determined by the audit and risk committee of the Board. A "related person" for purposes of the policy means: (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, Alvotech; (ii) Associates (defined as, unconsolidated enterprises in which Alvotech has a Significant Influence or which has Significant Influence over Alvotech); (iii) individuals owning, directly or indirectly, an interest in the voting power of Alvotech that gives them Significant Influence over Alvotech, and close members of any such individual's family; (iv) key management personnel (i.e., having authority and responsibility for planning, directing and controlling the activities of Alvotech), including Directors and close members of such individuals' families; and (v) enterprises in which a substantial interest in the voting power is owned,

directly or indirectly, by any person described in (iii) or (iv) above or over which such a person is able to exercise Significant Influence, including enterprises owned by Directors or major shareholders of Alvotech and enterprises that have a member of key management in common with Alvotech. "Significant Influence" for purposes of the policy means the power to participate in the financial and operating policy decisions of an enterprise but is less than control over those policies, provided that shareholders beneficially owning a 10% or more interest in the voting power of the enterprise concerned are presumed to have a significant influence on such enterprise.

Pursuant to the policy, each executive director, nominee for the position of executive director and executive officer shall promptly notify the designated contact of any transaction involving Alvotech and a related person. The designated contact will present any new related person transactions, and proposed transactions involving related persons, to the audit and risk committee of the Board at its next occurring regular meeting. If the audit and risk committee determines that the related person involved has a direct or indirect material interest in the transaction, and there therefore that the transaction is a related party transaction, the audit and risk committee shall consider all relevant facts and circumstances, including the commercial reasonableness of the terms, the benefit and perceived benefit, or lack thereof, to the Company, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest, and the actual or apparent conflict of interest of the Related Person. The audit and risk committee will not approve or ratify a Related Person Transaction unless it shall have determined that, upon consideration of all relevant information, the Transaction is in, or not inconsistent with, the best interests of Alvotech. On an annual basis, the audit and risk committee shall review previously approved related person transactions, under the standard described above, to determine whether such transactions should continue. If after the review described above, the audit and risk committee determines not to approve or ratify a related person transaction (whether such transaction is being reviewed for the first time or has previously been approved and is being reviewed), the transaction will not be entered into or continued.

10.3.1 Service Agreements with Alvogen, Adalvo and Aztiq

On January 1, 2021, Alvotech entered into a shared service agreement with Alvogen, which was amended and restated on April 11, 2022 (the "**Alvogen Services Agreement**"), as agreed under the BCA, pursuant to which Alvotech, Alvogen and each of their affiliates will perform certain support services for each other. Under the Alvogen Services Agreement, Alvotech and its affiliates (including its U.S. affiliate) are responsible for providing general finance, administrative, and legal services. Alvogen's affiliates are responsible for providing to Alvotech certain support services including marketing and IT services. Services provided by the parties are charged at a rate equal to each respective party's direct costs plus an 8% mark-up, provided that third party pass-through costs shall not include a mark-up. All proceeds from one party's work for the other party, such as any form of intellectual property, shall be the sole property of the party for which the services have been provided and no transfer of such rights is needed. The party providing the services transfers to the beneficiary of the services the right to patent inventions resulting from such work. The amended and restated Alvogen Services Agreement will be for an indefinite duration with a minimum term of 12 months, without termination rights (only termination for cause as set out below), after which it can be terminated by the party providing the services upon 12 months' notice and by the beneficiary of the services upon 30 days' notice. Notwithstanding the foregoing, either party may terminate the Alvogen Services Agreement upon (i) the liquidation, insolvency or bankruptcy of the other party; (ii) the other party ceasing or threatening to cease to carry on its business; or (iii) material breach by the other party following written notice of such breach and a thirty-day cure period.

Between January 1 and June 30, 2022, Alvotech has received an aggregate of $0.5 million for services provided and has paid an aggregate of $1.6 million for services received under the Alvogen Services Agreement. On March 4, 2021, Alvotech entered into a shared service agreement with Alvogen Malta (Out-Licensing) Ltd. ("**Adalvo**"), which has been amended and restated on April 21, 2022 (the "**Adalvo Services Agreement**"), as agreed under the BCA, pursuant to which Adalvo provides certain support services to Alvotech. Under the Adalvo Services Agreement, Adalvo is responsible for providing salary processing, supply chain management, portfolio and market intelligence research, regulatory, quality audit, publishing and legal services to Alvotech. Services provided by Adalvo are charged at a rate equal to Adalvo' s direct costs plus an 8% mark-up, provided that third party pass-through costs shall not include a mark-up. All proceeds from one party's work for the other party, such as any form of intellectual property, shall be the sole property of the party for which the services have been provided and no transfer of such rights is needed. The party providing the services transfers to the beneficiary of the services the right to patent inventions resulting from such work. The amended and restated Adalvo Services Agreement will be for an indefinite duration with a minimum term of 12 months, without termination rights (only termination for cause as set out below), after which it can be terminated by Adalvo with 9 months' notice and by Alvotech with 30 days' notice. Notwithstanding the foregoing, either party may terminate the Adalvo Services Agreement upon (i) the liquidation, insolvency or bankruptcy of the other party; (ii) the other party ceasing or threatening to cease to carry on its business; or (iii) material breach by the other party following written notice of such breach and a thirty-day cure period.

In 2021, Alvotech has received an aggregate of $0.4 million for services provided and has paid an aggregate of $2.5 million for services received under the Adalvo Services Agreement.

On November 16, 2022, Alvotech entered into a transition services agreement with Aztiq Consulting ehf ("**Aztiq Consulting**") (the "**Aztiq Services Agreement**"), pursuant to which Aztiq Consulting will provide to Alvotech certain corporate administrative, legal and financial services (the "**Standard Services**") and other ad hoc services as requested by Alvotech from time to time (the "**Ad Hoc Services**" and, together with the Standard Services, the "**Services**"). The Standard Services provided by Aztiq Consulting will be charged at a monthly rate of $25,000 (the "**Monthly Fee**"), and Ad Hoc Services will be remunerated by means of a separate fee letter. At least once per year, the parties will review whether the Services are still required, whether the Services can be amended or terminated, and whether the Monthly Fee remains on an arm's length basis. Any form of intellectual property rights resulting from the Aztiq Services Agreement shall remain the sole property of Aztiq Consulting, except for any intellectual property rights that are specifically developed by Aztiq Consulting for Alvotech as a service deliverable. Unless terminated earlier, the Aztiq Services Agreement will be for a duration of three years. The Aztiq Services Agreement can be terminated (i) by Alvotech for any reason upon providing 60 days' notice, or (ii) by Aztiq Consulting (a) upon failure by Alvotech to pay any undisputed fees; (b) if Alvotech is in material breach of the Aztiq Services Agreement and that breach has not or cannot be remedied within 60 days of a notice from Aztiq Consulting; or (c) if Alvotech is subject to an Insolvency Event (as defined in the Aztiq Services Agreement).

10.3.2 Supply and Distribution Agreements with Lotus Pharmaceuticals

On August 2, 2014, Alvotech entered into supply and distribution agreements with Lotus Pharmaceuticals Co., Ltd., an affiliate of Alvogen ("**Lotus**"), as amended on March 31, 2020, May 25, 2020 and November 20, 2020, respectively (together, the "**Lotus Supply and Distribution Agreements**") with respect to AVT02 in certain Thailand, Vietnam, Philippines and South Korea. Under the terms of the Lotus Supply and Distribution Agreements, Alvotech will develop AVT02 and provide the dossier of data, information and know-how relating to AVT02 to Lotus. Alvotech retains full ownership of all intellectual property rights in the product candidates and the dossiers. Lotus has the exclusive right and obligation to use the dossier to obtain and maintain regulatory approvals for that product and to market, sell and distribute the products in the respective countries. Lotus will own all right, title and interest in and with respect to the trademark for the product and Alvotech has the royalty-free right to use the trademark in the markets not covered by the Lotus Supply and Distribution Agreements during the term of the agreements. However, due to changes in the territorial scope of the Lotus Supply and Distribution Agreements as a result of the amendments, Lotus divested its distribution rights in several markets to Alvotech, for which Alvotech made an upfront payment to Lotus of $3.06 million and will pay another $7.44 million upon the launch of the product in China. Alvotech will manufacture, supply and deliver the product and Lotus will exclusively buy the relevant biosimilar candidate from Alvotech on a cost-plus basis. The parties do not owe royalties to each other. Invoices are payable within thirty days of the receipt of the product. The Lotus Supply and Distribution Agreements terminate 20 years after the first commercial sale of the product in the territories. The agreements can be terminated by either party (i) if the other party commits a material breach of the agreement; (ii) in case of insolvency, the appointment of a receiver with respect to the assets of the other party or the assignment for the benefit of creditors of assets of the other party; or (iii) if the other party or any of its affiliates, employees or agents become subject to an FDA investigation that could lead to them becoming debarred by the FDA.

As of December 31, 2021, Alvotech has paid an aggregate of $3.06 million and is required to pay an additional $7.44 million upon achieving certain milestones under the Lotus Supply and Distribution Agreements.

10.3.3 Product Rights Agreement with Alvogen

On January 22, 2018, Alvotech entered into a product rights agreement with Alvogen, as amended on December 14, 2018 (the "**Alvogen Product Rights Agreement**"), pursuant to which Alvogen provides commercialization services with respect to Alvotech's product candidates. For Adalimumab, Aflibercept, Denosumab, Eculizumab, Golimumab, and Ustekinumab, Alvogen will provide commercialization services in the Alvogen Territories (as defined in the Alvogen Product Rights Agreement). Alvogen also has a "right of last look" with respect to the other territories and a "right of first refusal" with respect to new Alvotech products.

Alvogen will pay Alvotech, on a quarterly basis, a royalty equal to fifty percent (50%) of Alvogen's aggregate net sales on sales of Alvotech's products in the Alvogen Territories for the duration of the agreement. If, however, Alvotech sells any of its products to any distributor or other third party in any Alvogen Territory, then Alvotech shall be required to pay to Alvogen an amount equal to 50% of Alvotech's aggregate net sales to such third party in the Alvotech Territories. Alvogen also has a right to acquire rights to develop, license, distribute, market, commercialize or sell any

Alvotech product by offering written terms to Alvotech that provide the same, or greater, aggregate financial value to Alvotech as the proposal of a third party for those rights (a "right of last look") in any territory that is not an Alvogen Territory. Alvogen is also entitled, for sales of adalimumab (AVT02) occurring in the United States, to a royalty equal to:

(a) if Adalimumab is not the first biosimilar to be interchangeable: (x) for a period of 60 months from the start of the first date on which the first U.S. commercial sale occurs, 10% of the Alvotech Royalty Payment (as defined in the Alvogen Product Rights Agreement) payable during each relevant quarterly period, and (y) for an additional 24 months, 7.5% of the Alvotech Royalty Payment payable during each relevant quarterly period; or

(b) if Adalimumab is the first biosimilar to be interchangeable, for a period of 60 months from the start of the first date on which the first U.S. commercial sale occurs, 7.5% of the Alvotech Royalty Payment payable during each relevant quarterly period.

The contract expires, for each product, on the 20th anniversary of the first commercial sale of that product, provided that the Alvogen Product Rights Agreement shall automatically renew for an additional year unless Alvogen provides Alvotech with written notice of non-renewal. The agreement can be terminated by either party if (i) if the other party commits a material breach of the agreement; or (ii) in case of insolvency, the appointment of a receiver with respect to the assets of the other party, the assignment for the benefit of creditors of assets of the other party, the entry of an order of relief under Title 11 of the U.S. Code against the other party or the appointment of a liquidator, administrator or similar officer in respect of the other party (or analogous procedure in any jurisdiction).

As of December 31, 2021, Alvotech has not received or made any payments under the Alvogen Product Rights Agreement.

10.3.4 Agreements with Fuji

On April 2, 2019, Alvotech and Fuji Pharma entered into a license agreement, as amended on June 23, 2020 to reflect a delay in the development process and therefore, among others, amended and restated the milestone payments, (the "**Fuji Pharma AVT04 License Agreement**") and a supply agreement (the "**Fuji Pharma AVT04 Supply Agreement**"). Under the Fuji Pharma AVT04 License Agreement, Alvotech will develop AVT04 and compile and provide a dossier of data, information and know-how relating to AVT04 to Fuji Pharma. Alvotech retains full ownership of all intellectual property rights in AVT04 and the AVT04 dossier. Fuji Pharma has the exclusive right to use the dossier to obtain and maintain regulatory approvals for AVT04 and to import, finish, market, promote, sell and distribute AVT04 in Japan. Fuji Pharma made a one-time payment on the signature date of $4.6 million and will make an additional milestone payment to Alvotech upon the launch of the product, subject to certain conditions. If Fuji Pharma achieves annual sales in excess of certain target volumes, it will pay Alvotech an additional royalty on the net sales above the target. Under the Fuji Pharma AVT04 Supply Agreement, Alvotech will manufacture, supply and deliver the AVT04 product. Fuji Pharma will pay Alvotech a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. All invoices are payable within thirty business days, in U.S. dollar and by wire transfer. The agreements terminate 20 years after the first commercial sale of AVT04 in Japan. They can be terminated by either party if the other party: (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation. The agreements can be terminated by Fuji Pharma if (i) a competing product obtains reimbursement approval (Fuji Pharma AVT04 License Agreement) before AVT04 obtains reimbursement approval; (ii) AVT04 does not obtain reimbursement approval by November 30, 2023; or (iii) AVT04 obtains reimbursement approval at the same time two competing products obtain reimbursement approval.

On November 18, 2020 Alvotech and Fuji Pharma entered into four binding term sheets with respect to AVT06, two proposed AVT03 biosimilar products and AVT05. On February 10, 2022, Alvotech and Fuji Pharma expanded their strategic partnership and entered into an additional binding term sheet with respect to a new undisclosed biosimilar candidate currently in early phase development. Under the binding term sheets, Alvotech will develop the product candidates and provide a dossier of data, information and know-how relating to the relevant product to Fuji Pharma. Fuji Pharma has the exclusive right to use the dossier to obtain and maintain regulatory approvals and to import, finish, market, promote, sell and distribute the relevant product in Japan. As of December 31, 2021, Fuji Pharma made one-time payments on the signing dates of the binding term sheets of $3.0 million and agreed to make additional payments upon achieving certain regulatory and development milestones. Alvotech and Fuji Pharma will enter into license and supply agreements for each product at a later date, subject to fulfilling certain conditions related to the development of that product and the absence of commercial launch of competing products in Japan at that time. Fuji Pharma will exclusively

buy the relevant biosimilar candidate from Alvotech at a royalty or the applicable floor price, whichever is higher, for the duration of the agreement. The license and supply agreements will terminate 20 years after the first commercial sale of the relevant product in Japan. They can be terminated by either party in case a party (i) withholds any monies due to the other party for more than two months; (ii) commits or permits any substantial breach of any material term of the agreement; (iii) has a receiver or administrator appointed in respect of any of its assets or enters into any agreement with its creditors; or (iv) goes into liquidation.

As of June 30, 2022, Alvotech has received an aggregate of $9.6 million under the abovementioned agreements with Fuji Pharma and is eligible to receive up to an additional $30.4 million in milestone payments under the abovementioned agreements with Fuji Pharma.

10.3.5 Shareholder Convertible Loans

Aztiq Convertible Loans

On December 14, 2018, Alvotech, as borrower, entered into an amendment deed with Alvogen and Aztiq AB, as lenders, related to certain existing convertible loan agreements, including a convertible loan agreement for $11.7 million dated December 22, 2017 with Aztiq AB as lender and convertible loan agreements dated December 22, 2017 for an aggregate of $146.5 million with Alvogen as lender, each bearing interest at a rate of 15% per annum and with a maturity date set to December 31, 2022 (collectively the "**Original 2017 Convertible Loan Agreements**").

Each of the Original 2017 Convertible Loan Agreements provided that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable.

Pursuant to an agreement to the Original 2017 Convertible Loan Agreements dated May 10, 2019, Aztiq AB assigned and transferred its rights and obligations under the Original 2017 Convertible Loan Agreements to Aztiq. On May 14, 2019, Alvogen also assigned and transferred part of its rights and obligations under the Original 2017 Convertible Loan Agreements, for a principal amount of $50 million, to Aztiq (the "**Alvogen Transfer Debt**"). Pursuant to the Alvotech SHA (See Section 10.3.8 of this Prospectus) Alvogen had the right to call the Alvogen Transfer Debt from Aztiq prior to certain exit events. With these assignments and transfers, Aztiq became a lender of Alvotech for an amount of $61.7 million, as of May 14, 2019 (the "**Original Aztiq Convertible Loan Agreement**"). For Alvogen's remaining interest in the Original 2017 Convertible Loan Agreements that was not transferred to Aztiq, see "*—Alvogen Loan Agreement.*"

On October 21, 2020, Aztiq assigned $25 million of the principal amount outstanding under Alvogen Transfer Debt, which formed part of the Original Aztiq Convertible Loan Agreement, to fund tranche B of the 2020 Convertible Loan (see "*—2020 Convertible Loan Agreement and investment agreements"*). That same day, Alvotech and Aztiq entered into an amended and consolidated loan agreement with respect to the remaining outstanding amounts under the Original Aztiq Convertible Loan Agreement (the "**Amended Aztiq Convertible Loan Agreement**"), which included a right for Aztiq to convert the outstanding balance into Alvotech Holdings Class A ordinary shares under certain conditions set forth in an amended and restated conversion agreement of October 21, 2020, between Alvotech, Alvogen and Aztiq (the "**Aztiq Conversion Agreement**").

On June 30, 2021, the aggregate principal amount outstanding under the Amended Aztiq Convertible Loan Agreement amounted to $36.7 million, which included the remaining $25 million of principal under the Alvogen Transfer Debt. The interest rate on the principal amount of the loan was 15% per annum.

Aztiq Loan Agreement

On May 14, 2019, as mentioned above, Alvotech, as borrower, entered into a loan agreement with Aztiq, as

lender, for a principal amount of $50 million (the "Original Aztiq Loan Agreement), bearing interest at a rate of 15% per annum and with a maturity date that falls 91 days after December 14, 2023.

On October 21, 2020, as mentioned above, Aztiq assigned and transferred $25 million of the principal amount outstanding under the Alvogen Transfer Debt which formed part of the Original Aztiq Loan Agreement to fund tranche A of the 2020 Convertible Loan (see "*—2020 Convertible Loan Agreement and investment agreements*"). That same day, Alvotech and Aztiq entered into (i) an amended and consolidated loan agreement with respect to the remainder of the balance under the Original Aztiq Loan Agreement (the "**Amended Aztiq Loan Agreement**"), bearing interest at a rate of 15% per annum and with maturity date set to December 31, 2022, and (ii) an amended and restated warrant agreement (the "**Aztiq Warrant Agreement**") pursuant to which Aztiq was entitled to exercise a warrant to subscribe for Alvotech Holdings Class A ordinary shares.

The Amended Aztiq Loan Agreement provided that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable.

On June 30, 2021, the aggregate principal amount outstanding under the Amended Aztiq Loan Agreement amounted to $25 million.

2020 Convertible Loan Agreement and investment agreements

On October 21, 2020, as part of a private placement transaction, Alvotech, as borrower, entered into a loan agreement with Aztiq, as lender, for an aggregate principal amount of $50.0 million (the "**2020 Convertible Loan Agreement**") in two equal tranches, being the tranche A and tranche B, each bearing interest at a rate of 15% per annum and falling due on (a) (i) the date that is 91 calendar days after all of the convertible bonds issued by Alvotech are fully and irrevocably redeemed, in respect of the Tranche A, and (ii)December 31, 2022, in respect of the Tranche B; or (B) in case of a qualified initial public offering and conversion of all of the convertible bonds issued by Alvotech, December 31, 2022, with respect to Tranche A and Tranche B. Tranche A of the 2020 Convertible Loan Agreement was funded by a transfer of $25.0 million from the Original Aztiq Convertible Loan Agreement (see "*—Aztiq Convertible Loan*"). As mentioned above, Tranche B of the 2020 Convertible Loan Agreement was funded by a transfer of $25.0 million from the Alvogen Transfer Debt, which formed part of the Original Aztiq Loan Agreement (see "*—Aztiq Loan Agreement*").

The 2020 Convertible Loan Agreement provided that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable. Pursuant to a conversion agreement of that same date (the "**2020 Conversion Agreement**"), Aztiq had the right to convert the outstanding balance of $50.0 million under the 2020 Convertible Loan Agreement into Alvotech Holdings Class A ordinary shares under certain conditions.

Further on October 21, 2020, Aztiq assigned and transferred in total $23.125 million of the principal amount outstanding under the 2020 Convertible Loan to five investors, including Alvogen. The new lenders assumed the relevant obligations and rights of Aztiq under the 2020 Convertible Loan. In March 2021, Aztiq assigned and transferred another $17.5 million of the principal amount outstanding under the 2020 Convertible Loan to five investors, including Aztiq

AB.

On December 7, 2021, and as contemplated under the BCA Framework Agreement (as defined below), the outstanding principal amount under the 2020 Convertible Loan Agreement was converted into Alvotech Holdings Class A ordinary shares in accordance with the 2020 Conversion Agreement by all other creditors.

Alvogen Loan Agreement

On December 14, 2018, Alvotech, as borrower, entered into an amendment deed to the Original 2017 Convertible Loan Agreements with Alvogen and Aztiq AB, as lenders, related to certain existing convertible loan agreements dated December 22, 2017, for an aggregate of $146.5 million. On May 14, 2019, Alvogen assigned and transferred part of its rights and obligations under the Original 2017 Convertible Loan Agreements, for a principal amount of $50.0 million, to Aztiq, known as the Alvogen Transfer Debt. See section *"—Aztiq Convertible Loans*" for the applicable covenants.

On April 16, 2020, Alvotech and Alvogen amended and consolidated the terms of the convertible loan agreements between them (the "**Consolidated Alvogen Convertible Loan Agreement**"), bearing interest at a rate of 15% per annum and with a maturity date set to December 31, 2022. The principal amount outstanding under the Consolidated Alvogen Convertible Loan Agreement amounted to $21.5 million.

The Consolidated Alvogen Convertible Loan Agreement provided that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable.

On October 21, 2020, Alvotech and Alvogen entered into an amended and consolidated loan agreement with respect to the remainder of the Consolidated Alvogen Convertible Loan Agreement (the "**Amended Alvogen Convertible Loan Agreement**"), bearing interest at a rate of 15% per annum and with a maturity date set to December 31, 2022. The principal amount outstanding under the Amended Alvogen Convertible Loan Agreement amounted to $21.5 million on June 30, 2021. Alvogen had the right to convert this outstanding principal amount into Alvotech Holdings Class A ordinary shares under the conditions set forth in an amended and restated conversion agreement of October 21, 2020 between Alvotech, Aztiq and Alvogen (the "**Alvogen Conversion Agreement**").

The Amended Alvogen Convertible Loan Agreement provides that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable.

On December 7, 2021, Alvogen called the remaining Alvogen Transfer Debt in the amount of $25 million thus increasing the principal amount under the Amended Alvogen Convertible Loan Agreement.

Alvogen Bridge Financing

On June 30, 2020, Alvotech, as borrower, entered into a bridge loan financing agreement with Alvogen, as lender, for a principal amount of $30.0 million (the "**Alvogen Bridge Financing Agreement**"), bearing interest at a rate of 15% per annum and with a maturity date that falls 91 days after December 14, 2023. Of such loan, Alvogen transferred a portion of the principal for an amount of $5.625 million under the Alvogen Bridge Financing Agreement to Aztiq. The outstanding amounts due under the Alvogen Bridge Financing Agreement being (i) the Aztiq portion for an aggregate

amount of $5.625 million and (ii) Alvogen portion for an aggregate amount of $24.375 million were used to offset Aztiq's and Alvogen's respective subscription price for the subscription of new Alvotech Holdings Class A ordinary shares issued by Alvotech in the context of the 2020 Alvotech private placement.

The Alvogen Bridge Financing Agreement provided that:

- indebtedness other than expressly agreed or acknowledged or the issuance of certain stocks by the borrower or any subsidiary is not permitted;
- the creation of lien and securities by the borrower or any of its subsidiaries is restricted;
- certain payments and redemptions by the borrower or any of its subsidiaries other than those expressly agreed are prohibited; and
- certain obligations and restrictions relating to real estate assets located at the head office in Iceland are applicable.

BCA Framework Agreement

On December 7, 2021, the Alvotech Holdings Shareholders entered into a BCA Framework Agreement with Alvotech Holdings, Alvotech and Floki Holdings S.à r.l. In the BCA Framework Agreement, all relevant consents under the shareholders agreement relating to Alvotech Holdings dated October 21, 2020 required for the Business Combination as well as a general cooperation covenant and certain waivers and voting undertakings in relation to the First Merger and the Second Merger were given.

Furthermore, the following transactions occurred pursuant to the BCA Framework Agreement:

i. confirmation by Alvogen of its prior full exercise of its warrant right under the shareholders agreement relating to Alvotech Holdings dated October 21, 2020;

ii. on December 14, 2021, Aztiq subscribed for a number of newly issued Alvotech Holdings Class A ordinary shares for an aggregate subscription price of $50 million which has been set-off against (a) the principal amount of the Floki Loan in the amount of $25 million and (b) an amount of accrued and unpaid interest due by Alvotech Holdings to Aztiq in the amount of $25 million;

iii. on December 14, 2021, Alvogen subscribed for a number of newly issued Alvotech Holdings Class A ordinary shares (a) for an aggregate subscription price of $48.7 million which has been set-off against the corresponding amount, consisting of accrued interest due by Alvotech Holdings to Alvogen, and (b) for an aggregate subscription price of $46.5 million which has been paid through conversion of the outstanding principal amount of $46.5 million under the Amended Alvogen Convertible Loan Agreement, including the Alvogen Transfer Debt, in accordance with the terms of the related conversion agreement;

iv. on December 14, 2021, Aztiq exercised its right under the Aztiq Warrant Agreement by subscribing for Alvotech Holdings Class A ordinary shares, and set off the subscription price of such new Alvotech Holdings Class A ordinary shares against (a) the outstanding principal amount due by Alvotech Holdings to Aztiq under the Amended Aztiq Convertible Loan Agreement in the amount of $11.7 million, and (b) the outstanding principal amount due by Alvotech Holdings to Aztiq under the 2020 Convertible Loan in the amount of $9.4 million;

v. on December 14, 2021, the outstanding principal amount under the 2020 Convertible Loan was converted into Alvotech Holdings Class A ordinary shares in accordance with the terms of the related conversion agreement in respect of all other holders thereof (except Aztiq as referred to under item (iv) above);

vi. accrued and unpaid interest on the different loan agreements to which Alvotech Holdings was a borrower was used by the creditors thereof to pay for newly issued Alvotech Holdings Class A Shares of the Company at the valuation at which the PIPE Investors invest into Alvotech;

vii. a compensatory share issue was agreed for holders of convertible bonds issued by Alvotech Holdings who/which had converted convertible bonds issued by Alvotech Holdings in June 2021 at a higher valuation than the valuation at which the PIPE Investors invest into Alvotech; and

viii. the terms and conditions applicable to the Seller Earn Out Shares were agreed, i.e. (a) the holders of the Seller Earn Out Shares are entitled to the same voting and dividend rights generally granted to holders of ordinary shares and (b) vesting conditions and buyback provisions were set out.

Following the consummation of the aforementioned share capital increases of Alvotech Holdings pursuant to the BCA Framework Agreement, all loan agreements referred to above, including any amendment or ancillary agreements thereto (including those not expressly mentioned), are terminated.

Loan Advances with Alvogen and Aztiq

In connection with an undertaking by Alvotech Shareholders to ensure that Alvotech was sufficiently funded through the closing of the Business Combination by providing at least $50.0 million (but not to exceed $100.0 million) for the operations of Alvotech, Alvotech entered into interest free loan advances with Alvogen and Aztiq. The interest free loan advances provide for a facility of up to $15.0 million from Alvogen, with the potential for up to $10.0 million more in advances, and $25.0 million from Aztiq, for a total of up to $50.0 million. Repayment by Alvotech is due within 30 days of the Second Merger Effective Time.

On February 22, 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Alvogen, as lender. On March 29, 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, bringing the total to $25.0 million.

On March 11, 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Aztiq, as lender. On March 31, 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, bringing the total to $25.0 million.

On July 12, 2022, Alvotech, Aztiq and Alvogen agreed to settle the outstanding amounts under the Alvogen-Aztiq Loan Advances in ordinary shares rather than cash. Each of Aztiq and Alvogen entered into a subscription and set-off agreement with Alvotech pursuant to which Alvogen and Aztiq subscribed to 2,500,000 ordinary shares each, for a subscription price of $10.00 per share. The aggregate subscription price, $25.0 million for each of Alvogen and Aztiq, was set off against the outstanding amounts under the Alvogen-Aztiq Loan Advances of $25.0 million, for each of Alvogen and Aztiq. The subscription agreements provide customary registration rights for Alvogen and Aztiq.

Alvogen Bridge Loans

On April 11, 2022, Alvotech, as borrower, entered into a loan agreement with Alvogen, as lender, for a loan of up to $40.0 million bearing an interest rate of 10% per annum. The loan was drawable in two separate installments of $20.0 million each. Each drawdown was subject to Alvogen approval. Repayment by Alvotech was due within 30 days of the Second Merger Effective Time. On April 12, 2022, Alvotech withdrew the first installment of $20.0 million. On May 9, 2022 Alvotech withdrew the second installment of $20.0 million.

On June 1, 2022, Alvotech, as borrower, entered into a second bridge loan agreement with Alvogen, as lender, for a loan of $20.0 million bearing an interest rate of 10% per annum. Alvotech withdrew the entire loan amount of $20.0 million on June 1, 2022. Repayment by Alvotech was due within 30 days of the Closing.

Alvogen Facility

On November 16, 2022, Alvotech, as borrower, entered into a subordinated unsecured loan agreement with Alvogen, as lender, comprising (i) a cash facility in the form of a backstop financing for drawing by Alvotech in an aggregate principal amount of $50 million, and (ii) a cashless rollover facility of the Alvogen Bridge Loans in an aggregate principal amount equal to $62.5 million as well as into a warrant agreement in relation thereto. See Section 7.8 (*Material Cash Requirements for known contractual obligations and*) of this Prospectus for more information.

Aztiq Convertible BondOn November 16 2022, Alvotech, as buyer, entered into a share purchase agreement relating to shares in Fasteignafélagið Sæmundur hf. with ATP Holdings ehf., an affiliate of Aztiq Pharma Partners, as seller. Pursuant to the Share Purchase Agreement, Alvotech is purchasing 99.99% of the shares in Saemundur for a purchase price of $80,000,000 by issuing the an unsecured, subordinated convertible bond instrument to ATP Holdings ehf., an affiliate of Aztiq Pharma Partners. Pursuant to the subscription agreement, Alvotech agreed to issue,

and ATP Holdings ehf. agreed to subscribe for, convertible bonds in an aggregate principal amount equal to $80 million. See Section 7.8 of this Prospectus (*Material Cash Requirements for known contractual obligations and commitments*) for more information.

10.3.6 Leases of operational facilities

Alvotech entered into a lease agreement, as lessee, with Fasteignafélagið Eyjólfur ehf. ("**Eyjólfur**"), as lessor, on October 22, 2021, for an extension to the main operational building at Saemundargata 15-19, 102 Reykjavik, Iceland for manufacturing, research, parking space and underground parking garage, located in Reykjavik, Iceland (the "**Eyjólfur Lease Agreement**"). Eyjólfur is an affiliate of Aztiq. The start of the building project was on December 30, 2020 and the site is expected to be operational in early 2024. The payments under this agreement are expected to commence on January 1, 2023. The Eyjólfur Lease Agreement terminates on September 30, 2038. The rental payments under the Eyjólfur Lease Agreement will amount to approximately $4.1 million per annum, subject to certain cost adjustments and minimums.

Alvotech entered into a lease agreement, as lessee, with Lambhagavegur ehf. ("**Lambhagavegur**"), as lessor, on April 1, 2021 for a building located in Reykjavik, Iceland (the "**Lambhagavegur Lease Agreement**"). This site was taken into use as a warehouse facility and office space in November 2021. Lambhagavegur is an affiliate of Aztiq. The Lambhagavegur Lease Agreement terminates on September 30, 2030, unless extended. The rental payments under the Lambhagavegur Lease Agreement amount to approximately $1.0 million per annum in 2021, subject to certain cost adjustments and minimums.

10.3.7 Other Leases

Alvotech, as lessee, has entered into multiple lease agreements with HRJÁF ehf. ("**HRJÁF**"), as lessor, for numerous apartments in Reykjavík, Iceland, each dated as of December 15, 2015, August 27, 2019 (as amended on October 6, 2020), November 1, 2019 (as amended on October 6, 2020), January 1, 2020, August 10, 2020 June 25, 2021 and July 16, 2021, respectively (collectively, the "**HRJÁF Lease Agreements**"). HRJÁF is an affiliate of Aztiq. The HRJÁF Lease Agreements generally have a duration of 10 years, subject to certain early termination provisions. The total aggregate rental payments under the HRJÁF Lease Agreements amount to approximately $1.4 million per annum in 2021. These apartments are leased in order to facilitate Alvotech's efforts to attract top international talent to its Reykjavik facility to be able to provide the team members with apartments for temporary use.

10.3.8 Shareholders' Agreement

Alvotech and its then-existing shareholders entered into an amended and restated shareholders' agreement on October 21, 2020 (the "**Alvotech SHA**"). While the shareholders' agreement will terminate upon the consummation of this Business Combination, certain provisions of this agreement, including Alvotech's obligation to enter into a registration rights agreement with certain existing shareholders, will survive. Under the Alvotech SHA, Alvogen and Aztiq had certain warrant rights to subscribe for additional shares. Alvogen and Aztiq have exercised such rights on December 7, 2021, which terminated the right to exercise the warrants under the Alvotech SHA. The Alvotech SHA was terminated with effect as of June 15, 2022.

10.3.9 Employment Agreements

Alvotech has entered into employment agreements with each of its executive officers in the ordinary course of business. The agreements provide for the terms of each individual's employment or service with Alvotech. Alvotech intends to establish an equity incentive plan for its key executive officers and directors prior to the consummation of the Business Combination. For a description of arrangements with Alvotech's executive officers and directors, see Section 9.8 of this Prospectus.

Phantom Share Settlement Agreement with Mr. McClellan

In connection with the settlement of the Management Share Appreciation Rights Agreements, Alvotech entered into a settlement agreement with Mr. Joseph McClellan on June 15, 2022. See Section 9.8 of this Prospectus for more information about the Management Share Appreciation Rights Agreements. Pursuant to that agreement, Alvotech to settle Mr. McClellan's outstanding claim $1.5 million under the SAR plan in either shares or cash, at the option of Mr. McClellan, payable on June 16, 2023, one year and one day from June 15, 2022.

10.3.10 Investor Rights and Lock-Up Agreement; Earn Out Shares; U.S: Securities Laws Restrictions

In connection with the consummation of the Business Combination, Alvotech entered into an investor rights and lock-up agreement (the "**IRA**") with the Sponsor, Aztiq, Alvogen and Mr. Richard Davies. Pursuant to the IRA, ordinary shares held by Sponsor, Aztiq, Alvogen and Mr. Davies may not be transferred (subject to certain exceptions) until: (i) with respect to the ordinary shares held by the Sponsor after the Closing, 365 days after the Closing, subject to earlier release if the ordinary shares trade at or above a volume weighted average price of $12.00 for ten (10) trading days during any twenty (20) trading day period commencing at least 180 days following the Closing; (ii) with respect to the ordinary shares held by Robert Wessman, the founder of Alvotech and Alvotech's chairman of the board of directors (the "**Chairman Shares**"), (x) 180 days following the Closing, with respect to one-third of the Chairman Shares, (y) 365 days following the Closing, with respect to one-third of the Chairman Shares (with earlier release if the ordinary shares trade at or above a volume weighted average price of $12.00 for ten (10) trading days during any twenty (20) trading day period commencing at least 180 days following the Closing), and (z) 545 days following the Closing, with respect to the remaining one-third of the Chairman Shares; and (iii) with respect to the ordinary shares held by Alvogen and Aztiq, 180 days after the Closing.

Additionally, pursuant to the IRA, the warrants held by the Sponsor may not be transferred for a period of 30 days following the Closing. The transfer restrictions do not apply to shares acquired in the PIPE Financing or any other equity financing of Alvotech that have occurred prior to the Closing. The IRA also provides that Alvotech will file a registration statement to register the resale of the ordinary shares held by the parties to the IRA within 30 days after the Closing. The IRA also provides the parties with certain "demand" and "piggy-back" registration rights, subject to customary requirements and conditions.

In connection with the Business Combination, Alvotech has issued 38,330,000 Ordinary Shares to the Alvotech shareholders at the Second Merger Effective Time (the "**Seller Earn Out Shares**") and 1,250,000 Ordinary Shares issued to the Sponsor at the First Merger Effective Time, that are subject to certain transfer, vesting and buyback restrictions (the "**Sponsor Earn Out Shares**"). One half of the Seller Earn Out Shares will vest if, at any time during the five years following the closing of the Business Combination, the Ordinary Share price is at or above a volume weighted average price ("**VWAP**") of $15.00 per share for any ten trading days within any twenty trading day period, with the other half vesting at a VWAP of $20.00 per share for any ten trading days within any twenty trading day period. One half of the Sponsor Earn Out Shares will vest if, at any time during the five years following the closing of the Business Combination, the Ordinary Share price is at or above a VWAP of $12.50 per share for any ten trading days within any twenty trading day period, with the other half vesting at a VWAP of $15.00 per share.

Further, certain Ordinary Shares have not been registered under the U.S. Securities Act of 1933, as amended. As a result, their offer and sale may be restricted under U.S. securities laws

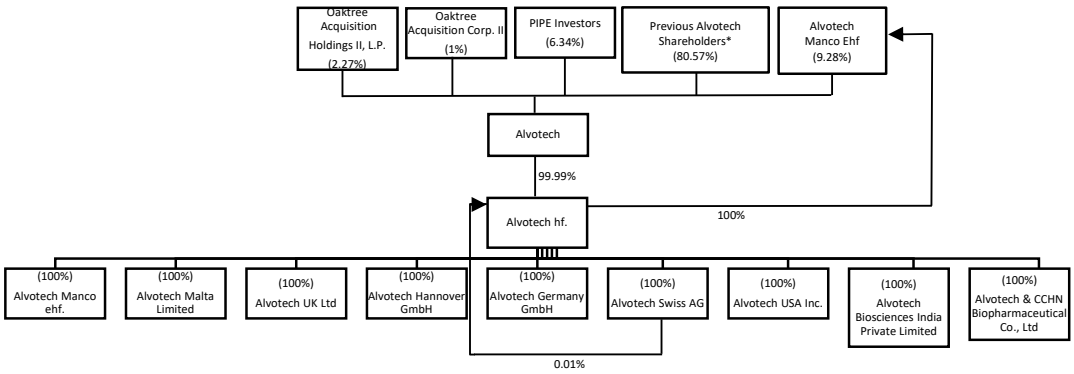
11. GENERAL INFORMATION ON THE ISSUER

11.1 Formation, Incorporation, Commercial Name and Registered Office

The Company was incorporated on August 23, 2021, in the form of a simplified joint stock company (*société par actions simplifiée*) under the name Alvotech, previously known as Alvotech Lux Holdings S.A.S. The Company operates under the laws of the Grand-Duchy of Luxembourg, and is registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*) under number B258884 and the LEI is 222100DCZBOWV5DZ8372. The Company's registered office is at 9, Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, and its telephone number is +354 422 4500. See Section 8.2 of this Prospectus for more information.

11.2 Corporate Structure

The following diagram shows the ownership percentages and structure of Alvotech as of the date of this Prospectus.



*See section 10.1 ('*Major Shareholders*') of this Prospectus for further information.

11.3 Corporate Information

The legal entity named Alvotech, previously known as Alvotech Lux Holdings S.A.S., was incorporated under the laws of the Grand Duchy of Luxembourg on August 23, 2021 as a simplified joint stock company (*société par actions simplifiée*) having its registered office at 9, Rue de Bitbourg L-1273 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Company Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B258884. On February 16, 2022, Alvotech Lux Holdings S.A.S. changed its name to "Alvotech". On June 15, 2022, Alvotech consummated the Business Combination and changed its legal form from a simplified joint stock company (*société par actions simplifiée*) to a public limited liability company (*société anonyme*) under Luxembourg law.

Alvotech's principal website address is *www.alvotech.com*. We do not incorporate the information contained on, or accessible through, Alvotech's websites into this prospectus, and you should not consider it a part of this prospectus.

The purpose of the Company is the holding of participations in any form whatsoever in Luxembourg and foreign companies, and in any other of investment, the acquisition by purchase, subscription as well as the transfer by sale, exchange or otherwise of securities of any kind and he administration, management, control and development of its portfolio, as per Article 2 of the Company's consolidated Articles of Association.

11.4 Significant Subsidiaries of the Issuer

The significant subsidiaries of Alvotech are the following:

- **Alvotech hf.,** a limited liability company duly incorporated and existing under the laws of the Republic of Iceland, having its principal place of business at Saemundurgata 15-19, 101 Reykjavik, Iceland and registered under number 710113-0410, which is 99.99% owned by Alvotech and 0.01% is owned by Alvotech Swiss AG;

- **Alvotech Hannover GmbH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of the Republic of Germany, having its registered office at Feodor-Lynen-Straße 35, 30625 Hannover, Germany and which is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Hannover under registration number HRB 203999, which is 100% owned by Alvotech hf;

- **Alvotech Germany GmbH**, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated and existing under the laws of the Republic of Germany, having its registered office at Karl-Heinz-Beckurts-Straße 13, 52428 Jülich, Germany and which is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Düren under registration number HRB 3958, which is 100% owned by Alvotech hf;

- **Alvotech Swiss AG**, a public limited company (*Aktiengesellschaft*) incorporated and existing under the laws of Switzerland, having its registered office at Thurgauerstraße 54, 8050 Zurich, Switzerland and which is registered with the Commercial Register of the Canton of Zurich under number CHE-172.836.506, which is 100% owned by Alvotech hf; and

- **Alvotech USA Inc.**, incorporated and existing under the laws of the United States, having its registered office at 1201 Wilson Blvd., Ste. 2130, Arlington, Virginia 22209, USA and which is registered with the State Corporation Commission of the Commonwealth of Virginia (United States) under number 83-4239880, which is 100% owned by Alvotech hf.

11.5 Financial Year and Duration

The Company's financial year is the calendar year. The Company has been established for an unlimited duration.

11.6 Specialist Issuer

Alvotech is specialist issuer in the form of a scientific-research company.

11.7 Auditor

The consolidated financial statements of Alvotech Holdings as of December 31, 2019, December 31, 2021, and December 31, 2020, and for each of the three years in the period ended December 31, 2021, included in this prospectus have been audited by Deloitte Audit, a *réviseur d'entreprises agréé*, as stated in their report appearing herein. Such consolidated financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The offices of Deloitte Audit, are located at 20, Boulevard de Kockelscheuer L-1821 Luxembourg.

Deloitte Audit, conducted its audits in accordance audits in accordance with 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). Deloitte Audit is a member of the *Institut des Réviseurs d'Entreprises* ("**IRE**") and the Institute of Internal Auditors Luxembourg.

12. DESCRIPTION OF THE SHARE CAPITAL AND CORPORATE GOVERNANCE

Set out below is an overview of certain information concerning the share capital of the Company and certain significant provisions of Luxembourg corporate law, and a brief overview of certain provisions of the Articles of Association (as they shall read as of the Settlement Date).

This overview does not purport to give a complete overview and should be read in conjunction with the Articles of Association, or with relevant provisions of Luxembourg law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in English and French, at the Company's registered office in Luxembourg, Grand Duchy of Luxembourg during regular business hours as well as on the Company's website *www.alvotech.com*.

12.1 Corporate Purpose

The corporate purpose of the Company is as set out in full in Article 2 of the Articles of Association, as follows:

- 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;
- granting of loans to, as well as guarantees or security for the benefit of third parties to secure its obligations and obligations of other companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company, or otherwise assist such companies;
- 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; and
- carry out any commercial, industrial, financial, real estate or intellectual property activities which it considers useful for the accomplishment of these purposes.

12.2 Share Capital

12.2.1 History of Share Capital

Alvotech was incorporated on August 23, 2021 by Floki Holdings S.à r.l., an affiliate of Alvotech Holdings, with an initial share capital of $40,000, represented by 4,000,000 initial shares with a nominal value of $0.01 per share. Prior to consummation of the Business Combination, Alvotech's issued share capital equaled $40,000, represented by 4,000,000 initial shares with a nominal value of $0.01 per share. All issued shares were fully paid and subscribed for.

After the Closing, Alvotech's issued share capital equaled $2,436,495.05, represented by 243,649,505 ordinary shares with a nominal value of $0.01 per share. All issued ordinary shares are fully paid and subscribed for. On July 4, 2022, Alvotech issued 27,072,167 ordinary shares subscribed to by Alvotech's affiliate, Alvotech Manco ehf. On July 14, 2022, Alvotech issued 5,000,000 ordinary shares subscribed to by Alvogen Lux Holdings S.à r.l. (Alvogen) and Aztiq Pharma Partners S.à r.l. (Aztiq), both affiliates of Alvotech.

The authorized capital of Alvotech (excluding the issued share capital) is set at $59,504,348.33, divided into 5,950,434,833 ordinary shares with a nominal value of $0.01 each.

A shareholder in a Luxembourg *société anonyme* holding fully paid-up shares is not liable, solely because of his, her or its shareholder status, for additional payments to Alvotech or its creditors.

12.2.2 Share Issuances

Pursuant to Luxembourg law, the issuance of Ordinary Shares requires approval by the extraordinary general meeting of shareholders in front of a notary subject to necessary quorum and majority requirements. The extraordinary general meeting of shareholders may approve an authorized capital and authorize the board of directors to increase the issued share capital in one or several tranches with or without share premium, against payment in cash or in kind, by conversion of claims on Alvotech or in any other manner for any reason whatsoever including (ii) issue subscription and/or conversion rights in relation to Ordinary Shares or instruments within the limits of the authorized capital under the

terms and conditions of warrants (which may be separate or linked to shares, bonds, notes or similar instruments issued by Alvotech), convertible bonds, notes or similar instruments; (iii) determine the place and date of the issue or successive issues, the issue price, the terms and conditions of the subscription of and paying up on the Ordinary Shares and instruments and (iv) remove or limit the statutory preferential subscription right of the shareholders in case of issue against payment in cash or shares, warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments up to the maximum amount of such authorized capital for a maximum period of five years after the date that the minutes of the relevant general meeting approving such authorization are published in the Luxembourg official gazette (*Recueil Electronique des Sociétés,* "**RESA**"). The extraordinary general meeting may amend, renew, or extend such authorized capital and such authorization to the board of directors to issue Ordinary Shares.

In addition, the extraordinary general meeting of shareholders may authorize the board of directors to make an allotment of existing or newly issued shares without consideration to (a) employees of Alvotech or certain categories amongst those; (b) employees of companies or economic interest grouping in which Alvotech holds directly or indirectly at least 10% of the share capital or voting rights; (c) employees of companies or economic interest grouping which directly or indirectly hold at least 10% of the share capital or voting rights of Alvotech; (d) employees of companies or economic interest grouping in which at least 50% of the share capital or voting rights is held directly or indirectly by a company which holds directly or indirectly at least 50% of the share capital of Alvotech; (e) members of the corporate bodies of Alvotech or of the companies or economic interest grouping listed in point (b) to (d) above or certain categories amongst those, for a maximum period of five years after the date that the minutes of the relevant general meeting approving such authorization are published in the Luxembourg RESA.

Alvotech recognizes only one (1) holder per ordinary share. In case an ordinary share is owned by several persons, they shall appoint a single representative who shall represent them in respect of Alvotech. Alvotech has the right to suspend the exercise of all rights attached to that share, except for relevant information rights, until such representative has been appointed.

Upon the consummation of the Business Combination, the board of directors resolved on the issuance of Ordinary Shares out of the authorized capital (*capital autorisé*) in accordance with the articles of association and applicable law.

The board of directors also resolves on the applicable procedures and timelines to which such issuance will be subjected. If the proposal of the board of directors to issue new Ordinary Shares exceeds the limits of Alvotech's authorized share capital, the board of directors must then convene the shareholders to an extraordinary general meeting to be held in front of a Luxembourg notary for the purpose of increasing the issued share capital and/or the authorized share capital. Such meeting will be subject to the quorum and majority requirements required for amending the articles of association. If the capital call proposed by the board of directors consists of an increase in the shareholders' commitments, the board of directors must convene the shareholders to an extraordinary general meeting to be held in front of a Luxembourg notary for such purpose. Such meeting will be subject to the unanimous consent of the shareholders.

12.2.3 Preferential Rights

Under Luxembourg law, existing shareholders benefit from a preferential subscription right on the issuance of Ordinary Shares for cash consideration. However, Alvotech's shareholders have, in accordance with Luxembourg law, authorized the board of directors to suppress, waive, or limit any preferential subscription rights of shareholders provided by law to the extent that the board of directors deems such suppression, waiver, or limitation advisable for any issuance or issuances of Ordinary Shares within the scope of Alvotech's authorized share capital. The extraordinary general meeting of shareholders duly convened to consider an amendment to the articles of association also may, by a two-thirds majority vote, limit, waive, or cancel such preferential subscription rights or renew, amend, or extend the authorization of the board of directors to suppress, waive, or limit such preferential subscription rights, in each case for a period not to exceed five years. Such Ordinary Shares may be issued above, at, or below market value, and, following a certain procedure, even below the nominal value or below the accounting par value per ordinary share. The Ordinary Shares also may be issued by way of incorporation of available reserves, including share premium.

12.2.4 Currency of the Shares

The Ordinary Shares are denominated in United States Dollars.

12.2.5 Repurchase of Shares in the Capital of the Company

Alvotech cannot subscribe for its own Ordinary Shares. Alvotech may, however, repurchase issued Ordinary Shares or have another person repurchase issued Ordinary Shares for its account, subject to the following conditions:

- prior authorization by a simple majority vote at an ordinary general meeting of shareholders, which authorization sets forth:
- the terms and conditions of the proposed repurchase and in particular the maximum number of Ordinary Shares to be repurchased;
- the duration of the period for which the authorization is given, which may not exceed five years; and
- in the case of repurchase for consideration, the minimum and maximum consideration per share, provided that the prior authorization shall not apply in the case of Ordinary Shares acquired by either Alvotech, or by a person acting in his or her own name on its behalf, for the distribution thereof to its staff or to the staff of a company with which it is in a control relationship;
- only fully paid-up Ordinary Shares may be repurchased; and
- the voting and dividend rights attached to the repurchased shares will be suspended as long as the repurchased Ordinary Shares are held by Alvotech; and the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting at which all the shareholders were present or represented. In addition, listed companies may repurchase their own shares on the stock exchange without an acquisition offer having to be made to Alvotech's shareholders.

The authorization will be valid for a period ending on the earlier of five years from the date of such shareholder authorization and the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, the board of directors is authorized to acquire Ordinary Shares under the conditions set forth in article 430-15 of the Luxembourg Company law. Such purchases and subsequent sales may be carried out for any authorized purpose or any purpose that is authorized by the laws and regulations in force. The purchase price per ordinary share to be determined by the board of directors or its delegate shall represent not more than the fair market value of such ordinary share.

In addition, pursuant to Luxembourg law, Alvotech may directly or indirectly repurchase Ordinary Shares by resolution of its board of directors without the prior approval of the general meeting of shareholders if such repurchase is deemed by the board of directors to be necessary to prevent serious and imminent harm to Alvotech in accordance with Art. 430-15(2) of the Luxembourg Company Law, or if the acquisition of Ordinary Shares has been made with the intent of distribution to its employees and/or the employees of any entity having a controlling relationship with it (i.e., its subsidiaries or controlling shareholder) in accordance with Art. 430-15(3) of the Luxembourg Company Law or in any of the circumstances listed in article 430-16 of the Luxembourg Company Law.

12.2.6 Dividends and Other Distributions

From the annual net profits of Alvotech, at least 5% shall each year be allocated to the reserve required by applicable laws (the "**Legal Reserve**"). That allocation to the Legal Reserve will cease to be required as soon and as long as the Legal Reserve amounts to 10% of the amount of the share capital of Alvotech. The general meeting of shareholders shall resolve how the remainder of the annual net profits, after allocation to the Legal Reserve, will be disposed of by allocating the whole or part of the remainder to a reserve or to a provision, by carrying it forward to the next following financial year or by distributing it, together with carried forward profits, distributable reserves or share premium to the shareholders, each Ordinary Share entitling to the same proportion in such distributions.

The board of directors may resolve that Alvotech pays out an interim dividend to the shareholders, subject to the conditions of article 461-3 of the Luxembourg Company Law and Alvotech's articles of association. The board of directors shall set the amount and the date of payment of the interim dividend.

Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the Luxembourg Company Law and Alvotech's articles of association. In case of a dividend payment, each shareholder is entitled to receive a dividend right pro rata according to his or her respective

shareholding. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to Alvotech's accounts.

12.3 Warrants

OACB assigned to Alvotech all of OACB's right, title and interest in and to the existing Warrant Agreement and Alvotech assumed, and agreed to pay, perform, satisfy and discharge in full, all of OACB's liabilities and obligations under the existing Warrant Agreement arising from and after the merger between OACB and Alvotech.

Each Warrant is exercisable to be issued one Ordinary Share and only whole warrants are exercisable. The exercise price of the Warrants is $11.50 per share, subject to adjustment as described in the Warrant Agreement. A Warrant may be exercised only during the period commencing on the date that is 30 days after the consummation of the transactions contemplated by the Business Combination Agreement, and terminating at 5:00 p.m., New York City time on the earlier to occur of: (x) the date that is five years after the date on which the Business Combination is completed, (y) the liquidation of Alvotech, or (z) the redemption date as provided in the Warrant Agreement.

12.3.1 Redemptions of Warrants for cash

Pursuant to the Warrant Agreement, once the Public Warrants become exercisable, they may be redeemed (i) in whole and not in part, (ii) at a price of $0.01 per warrant, (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder, and (iv) if, and only if, the reported last sale price of the Ordinary Shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three business days before sending the notice of redemption to each warrant holder.

If the Public Warrants are called for redemption for cash, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the Warrant Agreement.

12.3.2 Redemption of Warrants for shares

Commencing 90 days after the warrants become exercisable, Alvotech may redeem the outstanding warrants (i) in whole and not in part, (ii) at $0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants prior to redemption and receive that number of shares to be determined, based on the redemption date and the fair market value of the shares, (iii) if, and only if, the last reported sale price of the Ordinary Shares equals or exceeds $10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which the notice of redemption to the warrant holders is sent, (iv) if, and only if, the Private Placement Warrants are also concurrently exchanged at the same price (equal to a number of Ordinary Shares) as the outstanding Public Warrants, as described above, and (v) if, and only if, there is an effective registration statement covering the shares issuable upon exercise of the warrants and a current prospectus relating thereto is available throughout the 30-day period after the written notice of redemption is given.

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the shares issuable upon the exercise of the Private Placement will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable (except as mentioned above) so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable and exercisable by such holders on the same basis as the Public Warrants.

12.4 Alvogen warrants

On November 16, 2022, in connection with the Alvogen Facility described above, Alvotech entered into the Alvogen Warrant Agreement with Alvogen, pursuant to which Alvogen will subscribe for warrants, allocated for no consideration. The warrants will be issued, subject to the receipt of the warrant subscription form duly executed by Alvogen, on the Trigger Date (as defined in the Alvogen Warrant Agreement), which is either (i) December 15, 2022, if a Successful New Capital Increase has not occurred on or before that date, or (ii) December 20, 2022 if any amount remains outstanding pursuant to the Alvogen Facility (as described above) on that date. Each warrant entitles Alvogen, upon exercise, to receive from Alvotech one fully paid and non-assessable ordinary share of Alvotech, at the exercise price of one cent ($0.01) per share, subject to certain adjustments stipulated in the Alvogen Warrant Agreement. The warrants shall not entitle the holder to any of the rights provided to the shareholders of Alvotech. With each drawing

under the Alvogen Facility, the number of warrants that may be exercised is increased on a pro rata basis in accordance with the formula set out in the Alvogen Warrant Agreement. The warrants that are exercisable may be exercised for cash only during the exercise period, which commences on the Trigger Date and terminates at the earliest of (i) the liquidation of Alvotech in accordance with Alvotech's articles of association or five (5) years after the date on which Alvotech issued the Warrants. Each Warrant not exercised or not exercisable on or before such expiration date shall become void. Under the terms of the Alvogen Warrant Agreement, Alvogen is not permitted to transfer any Warrants, without the prior consent of Alvotech, unless such transferee is considered a Permitted Transferee (as defined in the Alvogen Warrant Agreement). The Alvogen Warrant Agreement further provides that, upon the occurrence of certain events, the number of ordinary shares of Alvotech issuable upon exercise of the Warrants, may, subject to certain conditions as set out in the Alvogen Warrant Agreement, be adjusted. The Alvogen Warrant Agreement also provides customary registration rights for the ordinary shares of Alvotech underlying the warrants, but not for the warrants themselves.

12.5 Aztiq Convertible Bond

On November 16, 2022, Alvotech entered into a subscription agreement and a convertible bond instrument with ATP Holdings ehf., an affiliate of Aztiq. Pursuant to the subscription agreement, Alvotech agreed to issue, and ATP Holdings ehf. agreed to subscribe for, convertible bonds in an aggregate principal amount equal to $80 million (which can be increased to $105 million (excluding any amount resulting from capitalization of PIK interest accrued) pursuant to the terms thereof). Bondholders have the right to convert their bonds into ordinary shares of Alvotech credited as fully paid on December 31, 2023, June 30, 2024, or when the bond has been called or put up for redemption, including on the maturity date; provided that each exercise of the conversion right must be with respect to a principal amount of at least $5,000,000, or if such exercise is with respect to all of the bonds held by the relevant Bondholder and the principal amount of such Bonds is less than $5,000,000, such lesser amount. The conversion price is $10.00 per share, subject to certain adjustments stipulated in the convertible bond instrument. The Aztiq Convertible Bond matures on November 16, 2025. Alvotech has the option to redeem the bonds, in whole but not in part, prior to the maturity date.

12.6 Warrants in favour of holders of Senior Bonds

In connection with the Senior Bonds, Alvotech will (i) grant the bondholders penny warrants representing 1.5% of its fully diluted ordinary share capital outstanding as at December 15, 2022 if the aggregate amount of the net proceeds of all new equity issuances from November 16, 2022 through December 15, 2022 is less than $75.0 million; and (ii) grant the bondholders penny warrants representing 1.00% of its fully diluted ordinary share capital outstanding as at March 31, 2023 if the aggregate amount of the net proceeds of all new equity issuances from November 16, 2022 through March 31, 2023 (inclusive of any net proceeds raised in (i)) is less than $150,000,000. Each warrant will entitle the bondholders, upon exercise, to receive from Alvotech one fully paid and non-assessable ordinary share of Alvotech, at the exercise price of one cent ($0.01) per share.

12.7 General Meeting

12.7.1 Ordinary General Meetings

At an ordinary general meeting, there is no quorum requirement and resolutions are adopted by a simple majority of validly cast votes. Abstentions are not considered "votes."

12.7.2 Extraordinary General Meetings

Extraordinary resolutions 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 association, for any resolutions 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."

12.7.3 Annual Shareholders Meetings

An annual general meeting of shareholders shall be held in the Grand Duchy of Luxembourg within 6 months of the end of the preceding financial year, except for the first annual general meeting of shareholders which may be held within 18 months from incorporation. Alvotech's first fiscal year ended on December 31, 2021.

12.7.4 Voting Rights

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 meetings of shareholders and extraordinary general meetings of shareholders with respect to the required quorums and majorities.

12.8 Amendment of the Articles of Association

Luxembourg law requires an extraordinary general Meeting to be held in front of a Luxembourg notary to vote on any amendment of the Articles of Association. The agenda of such extraordinary general meeting must indicate the proposed amendments to the Articles of Association.

12.9 Financial Information

The Company's annual financial statements, the consolidated financial statements, the management report and the auditor's reports must be available for inspection by shareholders on the Company's website or at the registered office of the Company in Luxembourg at least thirty (30) days prior to the date of the annual General Meeting.

The Company is required to publish its annual accounts within four (4) months after the end of each financial year and its semi-annual accounts within three (3) months after the end of the first six (6) months of each financial year. After approval by the annual General Meeting, the financial statements and the consolidated financial statements are filed with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés*).

12.10 Rules on Takeovers and Obligations of Shareholders to Make a Mandatory Takeover Bid

Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004, on takeover bids, as amended (the "**Takeover Directive**") has been implemented in Luxembourg in the Luxembourg law of May 19, 2006, on takeover bids, as amended (the "**Luxembourg Takeover Law**").

Pursuant to the Takeover Directive, the competent authority for a takeover bid is the authority of the EU member state where the shares of the target company are admitted to trading.

The Luxembourg Takeover Law provides that if a person, acting alone or in concert, acquires shares in a company which, when added to any existing holdings of a company's shares, result in such person having voting rights representing at least 33 1/3% of all of the voting rights attached to the issued and outstanding shares in a company, this person is obliged to make a mandatory takeover bid, at a fair price, for the remaining shares in the company. Where the aforementioned percentage-threshold is met, the person acquiring such voting rights will be deemed to have control over the Issuer in accordance with Luxembourg Takeover Law.

12.11 Squeeze-out and Sell-out Procedures

The Luxembourg Takeover Law provides that, when a mandatory or voluntary takeover offer is made to all holders of voting shares in a company and after such offer the offeror holds at least 95% of the capital of that company carrying voting rights and 95% of the voting rights of the company, the offeror may require the holders of the remaining shares to sell those shares to the offeror. The price offered for such shares must be a fair price. The price offered in a voluntary offer would be considered a fair price in the squeeze-out proceedings if 90% of the shares of the company carrying voting rights were acquired in such a voluntary offer, in accordance with Luxembourg Takeover Law. The price paid in a mandatory takeover offer is deemed to be a fair price pursuant to Luxembourg Takeover Law. The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the offer.

The Luxembourg Takeover Law provides that, when a mandatory or voluntary takeover bid is made to all holders of voting shares in a company and if after such offer the offeror (together with any person acting in concert with the offeror) holds shares carrying more than 90% of the voting rights, the remaining shareholders may require that the offeror purchase the remaining shares. The price offered in a voluntary offer would be considered a fair price in the sell-out proceedings if 90% of the shares of the company carrying voting rights were acquired in such a voluntary takeover offer, in accordance with Luxembourg Takeover Law. The price paid in a mandatory takeover offer is deemed to be a fair price pursuant to Luxembourg Takeover Law. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the offeree company has issued more than one class of shares, the right of squeeze-out and sell-out referred to above can be exercised only in the class in which the relevant threshold has been reached.

Even if there has not been an offer pursuant to the Luxembourg Takeover Law, the Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**") provides that if any individual or legal entity, acting alone or in concert with another, becomes the direct or indirect holder (otherwise than by way of a voluntary or mandatory takeover bid pursuant to the Luxembourg Takeover Law) of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of a company, (i) such shareholder may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**"); and (ii) the holders of the remaining shares or securities may require such shareholder to purchase those remaining shares or other voting securities (the "**Mandatory Sell-Out**"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. Every remaining holder of shares has the right to oppose a mandatory squeeze-out project, within one month as from the day on which the proposed price was made public The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out are subject to further conditions provided for under and must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF. The Luxembourg Mandatory Squeeze-Out and Sell-Out Law do not apply to takeover bids made in accordance with the Takeover Directive until the expiry of any deadline laid down for any ensuing rights resulting from such a bid and for a period of six months as from the expiry of such deadline.

12.12 Obligations of Shareholders to Disclose Holdings

12.12.1 Transparency Directive

Luxembourg is the home member state of the Company for the purposes of Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended (the "**Transparency Directive**"). As a result, the Company will be subject to financial and other reporting obligations under the Luxembourg Transparency Law.

12.12.2 General

Holders of shares and other financial instruments may be subject to notification obligations pursuant to the Luxembourg Transparency Law and the Luxembourg Grand-ducal regulation of January 11, 2008, on transparency requirements for issuers of securities, as amended (the "**Luxembourg Transparency Regulation**"). The following description summarizes these obligations. Holders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law and Luxembourg Transparency Regulation provide that, once the Shares are admitted to listing and trading on Nasdaq Iceland, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% (each a "**Relevant Threshold**") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below a Relevant Threshold as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he/she/it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by the concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company;
- voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;
- voting rights attaching to shares in which that person or entity has the life interest (*usufruit*);
- voting rights which are held, or may be exercised within the meaning of the aforementioned points, by an undertaking controlled by that person or entity;
- voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;
- voting rights held by a third party in its own name on behalf of that person or entity; and/or
- voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

The notification requirements set out above also apply to a natural person or legal entity that holds, directly or indirectly:

(i) financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his or her right to acquire the Ordinary Shares, to which voting rights are attached, already issued by the Company; or

(ii) financial instruments which are not included in point (i) but which are referenced to the Ordinary Shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying company. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying company.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above: transferable securities, options, futures, swaps, forward rate agreements, contracts for differences and any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same company reaching or exceeding a Relevant Threshold.

The notification to the Company and the CSSF must be effected promptly, but not later than four trading days after the date on which the shareholder, or the natural person or legal entity referred to above learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect, it is understood that pursuant to Article 10 of the Luxembourg Transparency Regulation, the shareholder, the natural person or legal entity referred to above should have knowledge no later than two days after the transaction, or within four trading days after it is informed of an event changing the breakdown of voting rights by the Company. Upon receipt of the notification, but not later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted as of the moment the shareholder makes the notification.

Where within the fifteen days preceding the date for which the General Meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Board of Directors may postpone the General Meeting.

12.13 Market Abuse Regime

12.13.1 General

The rules on preventing market abuse set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse, as amended ("**MAR**") and the Luxembourg law of December 23, 2016, on market abuse, as amended ("**Luxembourg Market Abuse Law**") are applicable to the Company, persons discharging managerial responsibilities within the Company (including the members of the Board of Directors) (the "**PDMRs**"), persons closely associated with PDMRs, other insiders and persons performing or conducting transactions in the Company's financial instruments. Certain important market abuse rules set out in the MAR and the Luxembourg Market Abuse Law that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to the MAR, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Unless an exception applies, the Company must without delay publish the inside information by means of a press release and post and maintain it on its website for at least five years. The Company may not combine the disclosure of inside information to the public with the marketing of its activities. The Company must also provide Nasdaq Iceland and the CSSF with its press release that contains inside information at the time of publication.

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt thereto (insider dealing). The use of inside information by canceling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made in the normal exercise of an employment, profession or duties) or, whilst in possession of inside information, to recommend or induce anyone to acquire or dispose of financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance by conducting transactions which give, or are likely to give, false or misleading signals as to the supply of, the demand for or the price of a financial instrument.

Non-compliance with the notification obligations under the Market Abuse Regulation, set out in the paragraphs above, is an economic offense (*economisch delict*) and could lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. Nasdaq Iceland may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, Nasdaq Iceland is no longer allowed to impose

administrative penalties and vice versa, Nasdaq Iceland is no longer allowed to seek criminal prosecution if administrative penalties have been imposed.

12.13.2 Management

Pursuant to Article 19 of the MAR and the Luxembourg Market Abuse Law, PDMRs must notify the CSSF and the Company of any transactions conducted for his or her own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

A PDMR within the Company shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Ordinary Shares or debt instruments of the Company or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which must be made publicly available. The MAR and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: a person who is (i) a member of the administrative, management or supervisory body of that entity, (ii) a senior executive who is not a member of the bodies referred to in point, or (iii) who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

In addition, pursuant to the MAR and the regulations promulgated thereunder as well as the Luxembourg Market Abuse Law, certain persons who are closely associated with PDMRs, are also required to notify the CSSF and the Company of any transactions conducted for their own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The MAR and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons closely associated with PDMRs: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children, in accordance with national law; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

The notifications pursuant to the MAR described above must be made to the CSSF and the Company promptly and no later than three business days following the relevant transaction date. The Company must ensure that any information on relevant transactions notified to it is made public promptly and no later than three business days after the transaction in a manner that enables fast access to this information on a non-discriminatory basis. These notifications may be postponed until the moment that the value of the transactions performed for that person's own account reaches or exceeds an amount of €5,000 in the calendar year in question, calculated by adding without netting all relevant transactions relating to the Ordinary Shares.

12.14 Listing and admission to trading

The Company's Ordinary Shares are currently listed in the United States on The Nasdaq Stock Market LLC and in Iceland on the Nasdaq First North under the symbol "ALVO".

The Ordinary Shares are currently listed on Nasdaq First North until their admission to trading on the regulated market in Iceland operated by Nasdaq Iceland. Once the admittance of the Ordinary Shares to trading has been approved on Nasdaq Iceland, the Ordinary Shares will be delisted from Nasdaq First North as of the end of the trading and, the as of the following trading day, the Ordinary Shares will be admitted to trading on Nasdaq Iceland Main Market. Admission to trading of the Ordinary Shares Nasdaq on Iceland Main Market is expected to be granted on or about December 5, 2022.

13. TAXATION

13.1 Introduction

The income received from the Ordinary Shares may be impacted by applicable tax legislation, in particular by the tax legislation of the country of residence of the investor, as well as the tax legislation of the Issuer's country of incorporation. The discussions below summarize the relevant tax consequences under Luxembourg law (as the Company is resident in Luxembourg for tax purposes) and Icelandic law (as the Company is listed on Nasdaq in Iceland). Prospective holders of Ordinary Shares should consult their own tax advisors on the possible tax consequences of the acquisition, ownership and transfer of Ordinary Shares.

13.2 Taxation in Iceland

Owners of the Ordinary Shares who are resident in Iceland for tax purposes are subject to income tax in Iceland on any income from the Ordinary Shares in accordance with Icelandic tax laws. The applicable tax rate depends on the tax status of such owners. Subject to certain exemptions, the owners are subject to tax which the Bank is required to withhold at the rate of 22.0% on dividend payments made to the holders of the Ordinary Shares. Exemptions from withholding tax, based on Act No. 94/1996 on Withholding of Tax on Financial Income, apply for public and private limited companies tax resident in Iceland in addition to domestic pension funds. Such withholding is generally considered a preliminary tax payment but does not necessarily constitute the final tax liability of the holder of the Ordinary Shares.

Individuals who are resident in Iceland for tax purposes are subject to a final 22.0% tax on dividend payments in Iceland. Limited companies (e.g., ehf. and hf.), which are tax resident in Iceland, enjoy an effective participation exemption, allowing them to deduct the full amount of the dividend payments received.

Capital gains from the sale of the Ordinary Shares are also subject to 22.0% tax in the case of individuals tax resident in Iceland subject to certain rights to deduct capital losses resulting from the sale of shares or similar assets. Limited companies (e.g., ehf. and hf.), which are tax resident in Iceland, enjoy an effective participation exemption, allowing them to deduct the full amount of the capital gains, as in the case of dividends.

With respect to shareholders who are not resident in Iceland, Article 3(7) of the Income Tax Act provides that any income received from the Ordinary Shares by any person or entity residing outside Iceland constitutes taxable income in Iceland. According to Article 70(7) of the Income Tax Act, the current tax rate on taxable income under Article 3(7) of the Income Tax Act amounts to (i) 22.0% for individuals and (ii) 20.0% for legal entities. The Bank is required to withhold the applicable tax on any dividend payments. The tax rate applicable to income from any disposal of the Ordinary Shares is also (i) 22.0% for individuals and (ii) 20% for legal entities.

The tax liability under Icelandic tax laws may be reduced under certain applicable tax treaties. If a qualifying holder of the Ordinary Shares would like to take advantage of such applicable tax treaties by relief at source, such holder is required to obtain a confirmation from the Icelandic tax authorities regarding the applicable treaty protection and provide such confirmation to the Bank. The confirmation is obtained via a filing of Icelandic tax form RSK 5.42. The U.S.-Iceland Treaty reduces the Icelandic tax rate on capital gains from any disposal of the Ordinary Shares to 0.0% and Icelandic tax rate on dividend payments to 15.0% for individuals and legal entities and to 5.0% for legal entities only if the shareholding of such legal entities amounts to at least 10.0% of the issued Ordinary Shares. The same reduction applies in case of the Nordic Tax Treaty with the exception that the dividend tax rate applicable to qualifying legal entities holding at least 10% of the issued share capital is reduced to 0.0%. Relief via a refund in line with an applicable tax treaty is carried out via a filing of Icelandic tax form RSK 5.43. Irrespective of the availability of any tax treaty protection, limited companies resident in the EEA, a state party to EFTA or in the Faroe Islands enjoy the effective statutory participation exemption which comparable Icelandic entities also enjoy, allowing them to deduct the full amount of the dividend payments and capital gains received. This exemption does not apply at source, but requires the filing of a tax return in Iceland to obtain a refund of taxes withheld.

There are no estate or inheritance taxes, succession duties or gift taxes imposed by the Icelandic government or any governmental authority in Iceland in respect of the Ordinary Shares if, at the time of death of the holder of the Ordinary Shares or transfer of the Ordinary Shares, such holder or transferor was not a resident of Iceland.

No Icelandic issue tax or stamp duty will be payable in connection with the Ordinary Shares.

13.3 Taxation in Luxembourg

Where in this overview English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law.

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning and disposing of Ordinary Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell Ordinary Shares. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This overview does not allow any conclusion to be drawn with respect to issues not specifically addressed. This overview is based on current Luxembourg legislation and regulation, existing administrative and judicial interpretations thereof and practice in force in Luxembourg on the date of this Prospectus, all of which are subject to change.

If there is a change in the legislation, the prevailing administrative or judicial interpretation thereof or in the practice, in each case including changes having a retroactive effect, the information included herein will need to be re-assessed in light of any such changes. The Company or its advisors are under no obligation to update this Prospectus for any such changes occurring after its date of issuance or to inform any person, of any changes of law, administrative or judicial interpretation thereof or practice or other matters coming to their knowledge and occurring after the date hereof, which may affect this Prospectus in any respect. Neither the Company nor its advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, administrative or judicial interpretation thereof or practice.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Any reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), the solidarity surcharge (contribution au fonds pour l'emploi), as well as personal income tax (*impôt sur le revenu des personnes physiques*). Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, net wealth tax, as well as the solidarity surcharge, apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may also apply.

Prospective purchasers of the Ordinary Shares should consult their own tax advisors as to the particular tax consequences of purchasing, owning and disposing of the Ordinary Shares, including the application and effect of any federal, state or local taxes under the tax laws of the Grand Duchy of Luxembourg and their countries of citizenship, residence, domicile or incorporation.

13.3.1 Taxation of the Company – Income Taxes

The Company being a Luxembourg resident fully-taxable company, its net taxable profit is as a rule subject to Luxembourg corporate income tax and municipal business tax at ordinary rates in Luxembourg. The taxable profit as determined for corporate income tax purposes is applicable, with minor adjustments, for municipal business tax purposes.

Corporate income tax is levied at a rate of 17% in 2022, where the taxable income exceeds €200,000 (plus the 7% thereof solidarity surcharge). Municipal business tax is levied at a variable rate according to the municipality in which the Company has its registered office (6.75% in Luxembourg, Grand Duchy of Luxembourg). The 2022 maximum aggregate corporate income tax and municipal business tax rate consequently amounts to 24.94% for companies established in Luxembourg, Grand Duchy of Luxembourg, with a taxable income exceeding €200,000. The use of carried-forward losses realized as from fiscal year 2017 are time-restricted to 17 years. The carry back of tax losses is however prohibited.

Under the participation exemption regime (the "**Participation Exemption Regime**"), dividends and liquidation proceeds received by the Company are exempt from corporate income tax and municipal business tax if (i) the distributing company is a qualified subsidiary (a "**Qualified Subsidiary**") and (ii) at the time the dividend becomes available to the Company, the latter has held or commits itself to hold for an uninterrupted period of at least twelve months, a qualified shareholding (a "**Qualified Shareholding**"). A 'Qualified Subsidiary' is (a) a company covered by Article 2 of the amended Directive 2011/96/EU of the Council of November 30, 2011, on the common system of taxation applicable in

the case of parent companies and subsidiaries of different member states (the "**EU Parent-Subsidiary Directive**"), (b) a Luxembourg resident company limited by share capital (*société de capitaux*), fully subject to tax, or (c) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax. Based on Luxembourg Parliamentary preparatory work, a foreign corporate income tax with an effective rate of at least half of the Luxembourg corporate income tax, and levied under a set of rules similar to the ones applicable in Luxembourg is considered as corresponding to Luxembourg corporate income tax. A 'Qualified Shareholding' means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least €1.2 million. The Participation Exemption Regime may not apply to profit distributions by companies that (i) are tax-deductible for the distributing entity or (ii) are made in the framework of an arrangement which, having been put in place with the (or one of the) main purpose(s) of obtaining a tax advantage defeating the objects and purposes of the EU Parent-Subsidiary Directive, is not genuine having regard to all its relevant facts and circumstances.

Participations held through a tax transparent entity are considered to be held directly and proportionally to the percentage held in the net assets of the transparent entity.

Insofar as a dividend from a Qualified Shareholding is Luxembourg tax-exempt in a given fiscal year, is non-tax-deductible up to the dividend amount (a) any expenses incurred during the same fiscal year, in economic relation with this exempt income (*e.g.*, interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax, write down), as well as (b) the potential write-down on the Qualified Shareholding, recorded after the distribution of the tax-exempt dividend. The amount of expenses exceeding the tax-exempt dividend or expenses related to the Qualified Shareholding and incurred in the absence of a dividend distribution are tax-deductible but subject to recapture upon the disposal of the Qualified Shareholding at a gain (see below). If the Participation Exemption Regime does not apply, 50% of the gross amount of dividends received by the Company may be exempt from income taxes, under certain conditions.

Capital gains (determined as the positive difference between the price for which shares have been disposed of, or their market value, and their cost or book value) realized by the Company on shares are subject to income taxes at ordinary rates, unless the conditions of the Participation Exemption Regime are satisfied: in that case, Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least €6.0 million. If the company realizing the Luxembourg tax-exempt capital gain incurred in previous or current fiscal year(s) tax deductible expenses in economic relation with a Qualified Shareholding (*e.g.*, interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax and write down, including write down on receivables held towards the Qualified Subsidiary), these expenses must be recaptured at the time of the sale of the participation, up to the amount of the gain. The capital gain will be subject to tax up to the amount of the expenses subject to recapture which have decreased the taxable basis of the company in any prior fiscal year, including the year of the sale. Carried forward tax losses can be deducted from the taxable basis of the company, against these expenses so-recaptured (bearing in mind that tax losses may be carried forward during a period of maximum 17 years, as mentioned above).

In certain circumstances, a group of Luxembourg resident fully-taxable companies may benefit from the tax unity regime. This allows us to combine or offset the respective taxable profit of each company in the group and to be taxed on the overall sum as if they were a single taxpayer. This means that losses incurred by some consolidated companies are offset by the profits made by others. The tax unity regime is applicable for Luxembourg corporate income tax and municipal business tax purposes.

13.3.2 Taxation of the Company – Net Wealth Tax

Alvotech is as a rule subject to Luxembourg net worth tax ("**NWT**") on its net assets as determined for net worth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding €500 million and at the rate of 0.05% on the portion of the net assets exceeding €500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined on 1 January of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities.

Under the participation exemption regime, a Qualified Shareholding held by Alvotech in a Qualified Subsidiary is exempt for net worth tax purposes.

As from January 1, 2016, a minimum net worth tax ("**MNWT**") is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total gross assets and €350,000, the MNWT is set at €4,815. For all other

companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on their total balance sheet.

13.3.3 Taxation of the Company – Other Taxes

The incorporation of Alvotech through a contribution in cash to its share capital as well as further share capital increase or other amendment to the articles of incorporation of Alvotech are subject to a fixed registration duty of €75.

13.3.4 Taxation of the Shareholders – Withholding Tax

Dividends paid by Alvotech to holders of Ordinary Shares are generally subject to a 15% withholding tax in Luxembourg, unless a reduced treaty rate or the participation exemption applies. Under certain conditions, a corresponding tax credit may be granted to the holders of Ordinary Shares. Responsibility for the withholding of the tax is assumed by Alvotech.

A withholding tax exemption applies under the participation exemption regime (subject to the relevant anti-abuse rules), if cumulatively (i) the holder of Ordinary Shares is an eligible parent ("**Eligible Parent**") and (ii) at the time the income is made available, the Eligible Parent holds or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding in Alvotech. Holding a participation through a tax transparent entity is deemed to be a direct participation in the proportion of the net assets held in this entity. An Eligible Parent includes notably (a) a company covered by Article 2 of the Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (b) a company resident in a State having a double tax treaty with Luxembourg and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (c) a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a member state of the EEA other than an EU member state and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof or (d) a Swiss capital company (*société de capitaux*) which is subject to CIT in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

13.3.5 Taxation of Luxembourg Resident holders of Ordinary Shares

13.3.5.1 Tax residency

A holder of the Ordinary Shares will not become resident, nor be deemed to be resident, in Luxembourg solely by virtue of holding and/or disposing of the Ordinary Shares or the execution, performance, delivery and/or enforcement of his/her rights thereunder.

13.3.5.2 Income tax

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of alienation of the Ordinary Shares.

13.3.5.3 Individual shareholders

Dividends and other payments derived from the Ordinary Shares held by resident individual holders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates. Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from Alvotech may however be exempt from income tax.

Capital gains realized on the disposal of the Ordinary Shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative if the Ordinary Shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of (the "**Substantial Participation**"). A holder of the Ordinary Shares is also deemed to alienate a Substantial Participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a Substantial Participation in the hands of the alienator (or the alienators

in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than six months after the acquisition thereof are taxed according to the half-global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the Substantial Participation).

Capital gains realized on the disposal of the Ordinary Shares by resident individual holders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Ordinary Shares have been disposed of and the lower of their cost or book value.

13.3.5.4 Corporate shareholders

Dividends and other payments derived from the Ordinary Shares held by Luxembourg resident fully taxable companies are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable (but may be deductible under certain conditions). If the conditions of the participation exemption regime are not met, 50% of the dividends distributed by Alvotech to a Luxembourg fully taxable resident company are nevertheless exempt from income tax.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from the Ordinary Shares may be exempt from CIT and MBT at the level of the holder if (i) the holder is an Eligible Parent and (ii) at the time the dividend is put at the holder's disposal, the latter holds or commits itself to hold for an uninterrupted period of at least 12 months a shareholding representing a direct participation of at least 10% in the share capital of Alvotech or a direct participation in Alvotech of an acquisition price of at least €1.2 million. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Capital gains realized by a Luxembourg fully-taxable resident company on the disposal of the Ordinary Shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied.

Under the participation exemption regime (subject to the relevant anti-abuse rules), capital gains realized on the Ordinary Shares may be exempt from CIT and MBT (save for the recapture rules) at the level of the holder if cumulatively (i) the holder is a Eligible Parent and (ii) at the time the capital gain is realized, the holder holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing either (a) a direct participation of at least 10% in the share capital of Alvotech or (b) a direct participation in Alvotech of an acquisition price of at least €6 million. Taxable gains are determined as being the difference between the price for which the Ordinary Shares have been disposed of and the lower of their cost or book value. Under Luxembourg tax law it is debatable to what extent the warrants are eligible for the participation exemption regime although certain case law supports such argumentation in certain circumstances.

For the purposes of the participation exemption regime, the Ordinary Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

13.3.5.5 Shareholders benefitting from a special tax regime

A holder of the Ordinary Shares who is a Luxembourg resident company benefiting from a special tax regime, such as (i) a specialized investment fund governed by the amended law of February 13, 2007, (ii) a family wealth management company governed by the amended law of May 11, 2007 (iii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes and governed by the amended law of July 23, 2016 is exempt from income tax in Luxembourg and profits derived from the shares or warrants are thus not subject to tax in Luxembourg.

13.3.6 Taxation of Luxembourg Non-Resident Individual and Corporate Shareholders

Non-resident holders of the Ordinary Shares, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Ordinary Shares are attributable, are not liable to any Luxembourg income tax, whether they receive payments of dividends or realize capital gains on the disposal of the Ordinary Shares, except with respect to capital gains realized on a substantial participation before the acquisition or within the first six months of the acquisition thereof, that are subject to income tax in Luxembourg at ordinary rates (subject to the provisions of any relevant double tax treaty) and except for the withholding tax mentioned above.

Non-resident holders of the Ordinary Shares having a permanent establishment or a permanent representative in Luxembourg to which or whom the Ordinary Shares are attributable, must include any income received, as well as any gain realized on the disposal of the Ordinary Shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative are however exempt from income tax. Taxable gains are determined as being the difference between the price for which the Ordinary Shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from the Ordinary Shares may be exempt from income tax if cumulatively (i) the Ordinary Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it holds or commits itself to hold a Qualified Shareholding in Alvotech. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company (*société de capitaux*) resident in a State having a double tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a member state of the EEA other than an EU member state. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Ordinary Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime (subject to the relevant anti-abuse rules), capital gains realized on the Ordinary Shares may be exempt from income tax (save for the recapture rules) if cumulatively (i) the Ordinary Shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment holds or commits itself to hold for an uninterrupted period of at least 12 months Ordinary Shares representing either (a) a direct participation in the share capital of Alvotech of at least 10% or (b) a direct participation in of an acquisition price of at least €6 million.

Under Luxembourg tax laws currently in force (subject to the provisions of double taxation treaties), capital gains realized by a Luxembourg non-resident holder of Ordinary Shares (not acting via a permanent establishment or a permanent representative in Luxembourg through which/whom the Ordinary Shares are held) are not taxable in Luxembourg unless (a) the holder of the Ordinary Shares holds a Substantial Participation in Alvotech and the disposal of the Shares takes place less than six months after the Ordinary Shares or Warrants were acquired or (b) the holder of Ordinary Shares has been a former Luxembourg resident for more than 15 years and has become a non-resident, at the time of transfer, less than five years ago.

13.3.7 Other Taxes – Net Wealth Tax

A Luxembourg resident as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Ordinary Shares are attributable, are subject to Luxembourg NWT (subject to the application of the participation exemption regime) on such Ordinary Shares, except if the holder of the Ordinary Shares is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004, on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010, or (viii) a reserved alternative investment fund governed by the amended law of July 23, 2016.

However, (i) a securitization company governed by the amended law of March 22, 2004, on securitization, (ii) a company governed by the amended law of June 15, 2004, on venture capital vehicles (iii) a professional pension institution governed by the amended law dated July 13, 2005, and (iv) an opaque reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the amended law of July 23, 2016, remain subject to the MNWT.

13.3.8 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the holder of Ordinary Shares or Warrants upon the acquisition, holding or disposal of the Ordinary Shares. However, a fixed or ad valorem registration duty may be due upon the registration of the Ordinary Shares in Luxembourg in the case where the

Ordinary Shares are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Ordinary Shares on a voluntary basis.

No inheritance tax is levied on the transfer of the Ordinary Shares upon death of a holder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death.

Gift tax may be due on a gift or donation of the Ordinary Shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Registered Office of the Company
9, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

Legal Advisors to the Company

as to matters of U.S. law	*as to matters of Luxembourg law*	*as to matters of Icelandic law*
Cooley Cooley LLP 55 Hudson Yards New York, NY 10001-2157	**Arendt & Medernach SA** 41A avenue JF Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg	**BBA//FJELDCO** Katrínartún 2, 105 Reykjavík Iceland

Listing Agent

Landsbankinn hf.
Austurstraeti 11,
155 Reykjavik
Iceland

Independent Auditor
Deloitte Audit
20, Boulevard de Kockelscheuer,L-1821, Luxembourg
Grand Duchy of Luxembourg

14. GENERAL LIST OF DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of the defined terms used throughout this Prospectus.

AbbVie…….	AbbVie Inc. and Abbvie Biotech
AbbVie Biotech……	AbbVie Biotechnology Ltd
ACA……..	Health Care and Education Reconciliation Act.
Administrator……...	Alvotech's board of directors, or any person or persons or committee to whom decision-making authority with respect to the Plan is delegated by our board of directors.
Admission.....	The admission to listing and trading of the Ordinary Shares on the Nasdaq Iceland.
AKS……...	Anti-Kickback Statute.
Allocation	The allocation of the Ordinary Shares.
Alvotech……...	A public limited liability company (société anonyme), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de commerce et des sociétés, Luxembourg), under number B258884, legal entity identifier ("LEI") 222100DCZBOWV5DZ8372.
Alvogen…….	Alvogen Lux Holdings S. à.r.l.
Alvogen Facility……...	The subordinated loan agreement, dated November 16, 2022, entered into between Alvotech, as borrower, and Alvogen, as lender, for a loan in an aggregate principal amount equal to $112.05 million
Alvogen Warrant Agreement…….	Warrant agreement dated November 16, 2022, pursuant to which Alvogen will subscribe for warrants, allocated for no consideration.
Articles of Association.....	The articles of association (*statuts*) of the Company.
Authorized Capital.....	The Company's authorized capital, including the issued share capital, is set at USD 62, 261,565 represented by 6,226,156,505 Ordinary Shares having an accounting par value of $0.01 each.
Aztiq…….	Aztiq Pharma Partners S.à r.l.
Aztiq Convertible Bond……...	Convertible bond instrumented dated November 16, 2022, between Alvotech and ATP Holdings ehf., an affiliate of Aztiq.
BLA……..	A Biologics License Application.
Business Combination……	The transactions contemplated by the Business Combination Agreement.
Business Combination Agreement	The Business Combination Agreement, dated as of December 7, 2021 as may be amended, by and among OACB, Alvotech Holdings and Alvotech.

BPCIA……..	The United States Biologics Price Competition and Innovation Act of 2009.
Company.....	Alvotech (except as disclosed from pages F-3 to F-46).
Closing.....	The consummation of the Business Combination, which occurred on June 15, 2022.
Closing Date.....	June 15, 2022, the date upon which the consummation of the Business Combination occurred.
CSSF.....	The Luxembourg *Commission de Surveillance du Secteur Financier*.
EEA	The European Economic Area.
EMA	European Medicines Agency.
ESG.....	Environmental, social and governance.
Euro, EUR or €.....	The single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time
Extraordinary General Meetings..	Extraordinary general meetings of shareholders of the Company
FCA……..	The United States False Claims Act
FDA……..	The United States Food and Drug Administration.
Financial Statements.....	The Revised Consolidated Financial Statements of Alvotech Holdings S.A. in respect of the year ended 31 December 2019/2020 (as incorporated by reference into this Prospectus), and the Audited Consolidated Financial Statements of Alvotech Holdings S.A. in respect of the year ended 31 December 2021 (annexed hereto in Section 15 entitled "*Financial Information*").
First Merger.....	The merger of OACB with and into Alvotech, with Alvotech as the surviving company.
First Merger Effective Time.....	The date and time at which the notarial deed of the sole shareholder's resolutions of Alvotech approving the First Merger becomes effective, upon its publication in the *Recueil Electronique des Sociétés et Associations* (the Luxembourg legal gazette), subject to the execution of a plan of merger between OACB and Alvotech and the filing and registration of such plan of First Merger and such other documents as required under the Companies Act (as amended) of the Cayman Islands.
GDPR……	General Data Protection Regulation
IFRS	International Financial Reporting Standards as issued by the IASB and as adopted by the EU.

Interim Financial Statements.....	The (i) unaudited condensed consolidated financial information of the Company of and for the nine months ended June 30, 2022 and (ii) unaudited condensed consolidated financial information of the Company of and for the nine months ended September 30, 2022, (each annexed hereto in Section 15 entitled "Financial Information").
JAMP Pharma …….....	JAMP Pharma Corporation
Legal Reserve.....	10% of the annual net profits of the Company.
LEI.....	Legal entity identifier.
Listing Agent	Landsbankinn
Luxembourg	The Grand Duchy of Luxembourg.
Luxembourg Company Law	The Luxembourg law of August 10, 1915 on commercial companies, as amended.
Luxembourg Mandatory Squeeze-Out and Sell-Out Law.....	The Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer.
Luxembourg Market Abuse Law	The Luxembourg law of December 23, 2016 on market abuse, as amended.
Luxembourg Prospectus Law	The Luxembourg law of July 16 , 2019 on prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*).
Luxembourg Shareholder Rights Law.....	The Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders at general meetings of listed companies, as amended by the law of August 1, 2019 implementing EU Directive 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement in listed companies.
Luxembourg Takeover Law.....	The Luxembourg law of May 19, 2006 on takeover bids, as amended.
Luxembourg Transparency Law	The Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended.
Luxembourg Transparency Regulation.....	The Luxembourg Grand-ducal regulation of January 11, 2008 on transparency requirements for issuers of securities, as amended.
Mandatory Sell-Out.....	The mandatory purchase of shares of minority shareholders by one or more majority shareholders holding more than 95% of the share capital of a company, as provided in the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
Mandatory Squeeze-Out.....	The mandatory sale of shares by minority shareholders to one or more majority shareholders holding more than 95% of the share capital of a company, as provided in the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
MAR.....	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.

MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
Nasdaq Iceland	The regulated market operated by The Nasdaq Iceland.
OACB	Oaktree Acquisition Corp. II, a Cayman Islands exempted company.
OACB Class A Ordinary Shares	The Class A ordinary shares, par value 0.0001 per share, of OACB, which converted into Ordinary Shares at the closing of the Business Combination.
OACB Class B Ordinary Shares or Founder Shares	The 6,250,000 Class B ordinary shares, par value $0.0001 per share, of OACB, which were issued to the Sponsor in a private placement prior to OACB's initial public offering and converted into Ordinary Shares at the closing of the Business Combination.
OACB Ordinary Shares	The OACB Class A Ordinary Shares and the OACB Class B Ordinary Shares, collectively.
OACB Private Placement Warrants	The warrants to purchase OACB Class A Ordinary Shares purchased in a private placement in connection with the IPO, which automatically ceased to represent a right to acquire purchase OACB Class A Ordinary Shares and automatically represented a right to acquire Ordinary Shares at the Closing of the Business Combination.
OACB Public Warrants	Each whole warrant of OACB entitling the holder to purchase one OACB Class A Ordinary Share at a price of $11.50 per share, which automatically ceased to represent a right to acquire purchase OACB Class A Ordinary Shares and automatically represented a right to acquire Ordinary Shares at the closing of the Business Combination.
Ordinary Shares	The ordinary shares, with a nominal value of $0.01 per share, of Alvotech, ISIN LU2458332611
Participation Exemption Regime	The Luxembourg participation exemption regime.
PDMRs	Persons discharging managerial responsibilities within the Company (including the members of the Board of Directors).
PIPE Financing	the private placement pursuant to which the Subscribers subscribed to Ordinary Shares, for a subscription price of $10.00 per share..
PIPE Investors	Private Investment in Public Equity Investors.
Prospectus	This prospectus dated December 2, 2022.
Prospectus Regulation	Regulation (EU) 2017/1129 of June 14, 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
Publication Date	December 2, 2022.
Public Warrants	The former OACB Public Warrants converted at the First Merger Effective Time into a right to acquire one Ordinary Share on substantially the same terms as were in effect immediately prior to the First Merger Effective Time under the terms of the Warrant Agreement.

RESA	The Luxembourg legal electronic gazette (*Recueil Électronique des Sociétés et Associations*).
Record Date	Midnight on the day falling 14 days prior to the date of the General Meeting.
Redemption	Alvotech's redemption and cancellation of the initial shares held by the initial sole shareholder of Alvotech pursuant to a share capital reduction of Alvotech immediately after the effectiveness of the First Merger but prior to the Conversion
Regulation 1215/2012	Regulation No. 1215/2012 of the European Parliament and of the Council of December 12, 2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.
Regulation S	The Regulation S under the U.S. Securities Act.
Relevant Threshold	Each of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3%.
Réviseur d'entreprises agréé	Deloitte Audit 20, Boulevard de Kockelscheuer,L-1821, Luxembourg Grand Duchy of Luxembourg
Rule 144A	Rule 144A under the U.S. Securities Act.
Second Merger	The merger of Alvotech Holdings with and into Alvotech, with Alvotech as the surviving company.
Second Merger Effective Time	means the date and time at which the Second Merger becomes effective, on the Closing Date immediately after giving effect to the First Merger, the Redemption, the Conversion and the PIPE Financing.
Sculptor	Sculptor Capital Investments, LLC
Settlement	The delivery of the Ordinary Shares, which takes place on the Settlement Date.
Sponsor	Oaktree Acquisition Holdings II, L.P., a Cayman Islands exempted limited partnership
Subscribers	The institutional investors that have committed to subscribe to Ordinary Shares in the PIPE Financing.
Successful New Capital Increase	The obligation upon Alvogen to the cash facility under the Alvogen Facility if Alvotech has not raised $50.0 million in net proceeds from the issuance of new ordinary equity, preference shares and/or convertible bonds by December 15, 2022.
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids, as amended.
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended.

U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
United States or U.S.	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
USD, U.S. dollars or $	U.S. dollars, the lawful currency of the United States.
VAT	Value-added tax.
VWAP……...	Volume weighted average price.
We, us, our or ourselves.....	The Company together with its subsidiaries.
Warrants	The former OACB Warrants converted at the First Merger Effective Time into a right to acquire one Ordinary Share on substantially the same terms as were in effect immediately prior to the First Merger Effective Time under the terms of the Warrant Agreement.
Warrant Agreement.....	The warrant agreement, dated September 21, 2020 by and between OACB and Continental Stock Transfer & Trust Company, as warrant agent, governing OACB's outstanding warrants, which was assigned to and assumed by Alvotech pursuant to an Assignment, assumption and amendment agreement dated as of June 15, 2022.
Yorkville……...	YA II PN, Ltd.

15. FINANCIAL INFORMATION

INDEX TO FINANCIAL STATEMENTS

OAKTREE ACQUISITION CORP. II
INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Oaktree Acquisition Corp. II

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Oaktree Acquisition Corp. II (the "Company") as of December 31, 2021 and 2020, the related statements of operations, changes in shareholders' deficit and cash flows for the year ended December 31, 2021 and for the period from August 5, 2020 (inception) through December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year ended December 31, 2021 and for the period from August 5, 2020 (inception) through December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, if the Company is unable to raise additional funds to alleviate liquidity needs and complete a business combination by September 21, 2022 then the Company will cease all operations except for the purpose of liquidating. The liquidity condition and date for mandatory liquidation and subsequent dissolution raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ WithumSmith+Brown, PC

We have served as the Company's auditor since 2020.

WithumSmith+ Brown, PC is registered with the Public Company Accounting Oversight Board (PCAOB).

1411 Broadway 9th floor
New York, New York
March 30, 2022

PCAOB ID Number 100

OAKTREE ACQUISITION CORP. II
BALANCE SHEETS

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	$ 587,171	$ 1,277,714
Prepaid expenses	100,000	249,389
Total current assets	687,171	1,527,103
Investments held in Trust Account	250,034,128	250,006,919
Total assets	**$250,721,299**	**$251,534,022**
Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 233,405	$ 6,997
Accrued expenses	4,784,896	197,590
Accrued expenses—related party	240,822	57,930
Advance from related party	119,159	119,159
Total current liabilities	5,378,282	381,676
Deferred legal fees	100,000	100,000
Deferred underwriting commissions	8,750,000	8,750,000
Derivative warrant liabilities	11,571,670	21,374,160
Total liabilities	25,799,952	30,605,836
Commitments and Contingencies		
Class A ordinary shares, $0.0001 per share; 25,000,000 shares issued and outstanding at December 31, 2021 and 2020	250,000,000	250,000,000
Shareholders' Deficit:		
Preference shares, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding at December 31, 2021 and 2020	—	—
Class A ordinary shares, $0.0001 par value; 300,000,000 shares authorized; no non-redeemable shares issued and outstanding at December 31, 2021 and 2020	—	—
Class B ordinary shares, $0.0001 par value; 30,000,000 shares authorized; 6,250,000 shares issued and outstanding at December 31, 2021 and 2020	625	625
Additional paid-in capital	—	—
Accumulated deficit	(25,079,278)	(29,072,439)
Total shareholders' deficit	(25,078,653)	(29,071,814)
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit	**$250,721,299**	**$251,534,022**

The accompanying notes are an integral part of these financial statements.

OAKTREE ACQUISITION CORP. II
STATEMENTS OF OPERATIONS

	For The Year Ended December 31, 2021	For The Period From August 5, 2020 (Inception) Through December 31, 2020
General and administrative expenses	$ 5,861,538	$ 270,964
Loss from operations	(5,861,538)	(270,964)
Other income (expense)		
Change in fair value of derivative warrant liabilities	9,802,490	(8,574,000)
Financing costs—derivative warrant liabilities	—	(433,190)
Income from investments held in Trust Account	52,209	6,919
Total other income (expense)	9,854,699	(9,000,271)
Net income (loss)	$ 3,993,161	$ (9,271,235)
Basic and diluted weighted average shares outstanding of Class A ordinary shares	25,000,000	17,176,871
Basic and diluted net income (loss) per share, Class A	$ 0.13	$ (0.40)
Basic and diluted weighted average shares outstanding of Class B ordinary shares	6,250,000	6,058,673
Basic and diluted net income (loss) per share, Class B	$ 0.13	$ (0.40)

The accompanying notes are an integral part of these financial statements.

OAKTREE ACQUISITION CORP. II
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM AUGUST 5, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Ordinary Shares				Additional		Total
	Class A		Class B		Paid-in	Accumulated	Shareholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance—August 5, 2020 (inception)	—	$—	—	$—	$ —	$ —	$ —
Issuance of Class B ordinary shares to Sponsor	—	—	6,468,750	647	24,353	—	25,000
Excess of cash receipts over the fair value of the private warrants sold to Sponsor	—	—	—	—	1,460,440		1,460,440
Forfeiture of Class B ordinary shares from Sponsor	—	—	(218,750)	(22)	22	—	—
Accretion on Class A ordinary shares subject to possible redemption	—	—	—	—	(1,484,815)	(19,801,204)	(21,286,019)
Net loss	—	—	—	—	—	(9,271,235)	(9,271,235)
Balance—December 31, 2020	**—**	**—**	**6,250,000**	**625**	**—**	**(29,072,439)**	**(29,071,814)**
Net income	—	—	—	—	—	3,993,161	3,993,161
Balance—December 31, 2021	**—**	**$—**	**6,250,000**	**$625**	**$ —**	**$(25,079,278)**	**$(25,078,653)**

The accompanying notes are an integral part of these financial statements.

OAKTREE ACQUISITION CORP. II
STATEMENTS OF CASH FLOWS

	For The Year Ended December 31, 2021	For The Period From August 5, 2020 (Inception) Through December 31, 2020
Cash Flows from Operating Activities:		
Net income (loss)	$ 3,993,161	$ (9,271,235)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Income from investments held in Trust Account	(52,209)	(6,919)
Financing costs—derivative warrant liabilities	—	433,190
Change in fair value of derivative warrant liabilities	(9,802,490)	8,574,000
General and administrative expenses paid by related party under note payable	—	26,961
Changes in operating assets and liabilities:		
Prepaid expenses	149,389	(249,389)
Accounts payable	226,408	6,997
Accrued expenses	4,672,307	112,589
Accrued expenses—related party	182,891	57,930
Net cash used in operating activities	(630,543)	(315,876)
Cash Flows from Investing Activities:		
Cash withdrawn from Trust Account	25,000	—
Cash deposited in Trust Account	—	(250,000,000)
Net cash provided by (used in) investing activities	25,000	(250,000,000)
Cash Flows from Financing Activities:		
Proceeds received from initial public offering, gross	—	250,000,000
Proceeds received from private placement	—	7,000,000
Offering costs paid	(85,000)	(5,406,410)
Net cash (used in) provided by financing activities	(85,000)	251,593,590
Net change in cash	(690,543)	1,277,714
Cash—beginning of the period	1,277,714	—
Cash—end of the period	**$ 587,171**	**$ 1,277,714**
Supplemental disclosure of noncash investing and financing activities:		
Offering costs paid by Sponsor in exchange for issuance of Class B ordinary shares	$ —	$ 25,000
Offering costs included in accrued expenses	$ —	$ 85,000
Offering costs included in note payable—related party	$ —	$ 92,198
Forfeiture of Class B ordinary shares from Sponsor	$ —	$ 22
Deferred legal fees	$ —	$ 100,000
Deferred underwriting commissions in connection with the initial public offering	$ —	$ 8,750,000

The accompanying notes are an integral part of these financial statements.

Note 1—Description of Organization, Business Operations and Basis of Presentation

Oaktree Acquisition Corp. II (the "Company") was incorporated as a Cayman Islands exempted company on August 5, 2020. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities (the "Business Combination").

As of December 31, 2021, the Company had not commenced any operations. All activity for the period from August 5, 2020 (inception) through December 31, 2021 relates to the Company's formation, the initial public offering described below and since the closing of the initial public offering, the search for a prospective initial business combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the initial public offering (the "Initial Public Offering"). The Company has selected December 31 as its fiscal year end.

The Company's sponsor is Oaktree Acquisition Holdings II, L.P., a Cayman Islands exempted limited partnership (the "Sponsor"). The registration statement for the Company's Initial Public Offering was declared effective on September 16, 2020. On September 21, 2020, the Company consummated its Initial Public Offering of 25,000,000 units (the "Units" and, with respect to the Class A ordinary shares included in the Units being offered, the "Public Shares"), including 2,500,000 additional Units to cover over-allotments (the "Over- Allotment Units"), at $10.00 per Unit, generating gross proceeds of $250.0 million, and incurring offering costs of approximately $14.5 million, inclusive of approximately $8.8 million in deferred underwriting commissions (see Note 5).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement ("Private Placement") of 4,666,667 warrants (each, a "Private Placement Warrant" and collectively, the "Private Placement Warrants"), at a price of $1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of $7.0 million (see Note 4).

Upon the closing of the Initial Public Offering and the Private Placement, $250.0 million ($10.00 per Unit) of the net proceeds of the Initial Public Offering and certain of the proceeds of the Private Placement were placed in a trust account ("Trust Account"), located in the United States with Continental Stock Transfer & Trust Company acting as trustee, and invested only in United States "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act having a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations, as determined by the Company, until the earlier of (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as below.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations having an aggregate fair market value of at least 80% of the assets held in the Trust Account (as defined below) (net of amounts previously disbursed to management for Regulatory Withdrawals (as defined below) and excluding the amount of deferred underwriting discounts held in Trust and taxes payable on the income earned on the Trust Account) at the time of the signing of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide the holders (the "Public Shareholders") of the Public Shares with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be $10.00 per Public Share). The per-share amount to be distributed to Public Shareholders who redeem their Public Shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 5). These Public Shares will be classified as temporary equity upon the completion of the Initial Public Offering in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity" ("ASC 480"). In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least $5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to the amended and restated memorandum and articles of association of the Company in place at the time of the consummation of the Initial Public Offering (the "Amended and Restated Memorandum and Articles of Association"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each Public Shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial shareholders (as defined below) have agreed to vote their Founder Shares (as defined below in Note 4) and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination. Subsequent to the consummation of the Initial Public Offering, the Company will adopt an insider trading policy which will require insiders to: (i) refrain from purchasing shares during certain blackout periods and when they are in possession of any material non-public information and (ii) to clear all trades with the Company's legal counsel prior to execution. In addition, the initial shareholders have agreed to waive their redemption rights with respect to their Founder Shares and Public Shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Amended and Restated Memorandum and Articles of Association will provide that a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the Class A ordinary shares sold in the Initial Public Offering, without the prior consent of the Company.

The Company's Sponsor, officers and directors (the "initial shareholders") agreed not to propose an amendment to the amended and restated memorandum and articles of association (a) that would modify the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination within 24 months from the closing of the Initial Public Offering, or September 21, 2022 (the "Combination Period") or (b) with respect to any other provision relating to shareholders' rights or pre-initial Business Combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Class A ordinary shares in conjunction with any such amendment.

If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible but not more

than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to the Company to fund the Company's regulatory compliance requirements and other costs related thereto (a "Regulatory Withdrawal"), subject to an annual limit of $250,000, and/or to pay its income taxes, if any, (less up to $100,000 of interest to pay dissolution expenses) divided by the number of the then outstanding Public Shares, which redemption will completely extinguish Public Shareholders' rights as shareholders (including the right to receive further liquidation distributions, if any); and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in the case of clauses (ii) and (iii), to the Company's obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law.

The Sponsor agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Sponsor or members of the Company's management team acquire Public Shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 5) held in the Trust Account in the event the Company does not complete a Business Combination within in the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only $10.00 per share initially held in the Trust Account. In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except the Company's Independent Registered Public Accounting Firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Proposed Business Combination

On December 7, 2021, the Company entered into a Business Combination Agreement (as it may be amended, supplemented or otherwise modified from time to time, the "Business Combination Agreement"), by and among the Company, Alvotech Holdings S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Alvotech") and Alvotech Lux Holdings S.A.S., a simplified joint stock company (*société par actions simplifiée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("TopCo"). The Business Combination Agreement and the transactions contemplated thereby were approved by the boards of directors of both the Company and Alvotech and the sole chairman (*president*) of TopCo. The Business Combination is expected to close in the first half of 2022, following the receipt of the required approval by the Company's shareholders and the fulfillment of other customary closing conditions.

The Business Combination Agreement provides for, among other things, the following transactions on the closing date: (a) at the First Merger Effective Time (as defined in the Business Combination Agreement), the Company will merge with and into TopCo, whereby (i) all of the outstanding Class A ordinary shares of the Company, par value $0.0001 per share (the "OACB Class A Ordinary Shares") and the Company's Class B ordinary shares, par value $0.0001 (the "OACB Class B Ordinary Shares", and together with the OACB Class A Ordinary Shares, the "OACB Ordinary Shares") will be exchanged for ordinary shares of TopCo (the "TopCo Ordinary Shares") and (ii) all of the outstanding warrants of the Company included in the units sold in the Company's initial public offering and all of the outstanding warrants of the Company purchased in a private placement in connection with the Company's initial public offering (the "OACB Warrants") will be converted into warrants of TopCo with substantially the same terms as the OACB Warrants (the "TopCo Warrants"), with TopCo as the surviving company in the merger (the "First Merger"); (b) immediately after the effectiveness of
the First Merger, TopCo will redeem and cancel the shares held by the initial sole shareholder of TopCo pursuant to a share capital reduction of TopCo (the "Redemption"); (c) immediately after the effectiveness of the First Merger and the Redemption, the legal form of TopCo shall be changed from a simplified joint stock company (*société par actions simplifiée*) to a public limited liability company (*société anonyme*) under Luxembourg law (the "Conversion"); and (d) immediately following the effectiveness of the Conversion and the PIPE Financing (as defined in the below), Alvotech will merge with and into TopCo, whereby all outstanding Class A ordinary shares and Class B ordinary shares of Alvotech (collectively, the "Alvotech Shares") will be exchanged for an aggregate of 218,930,000 TopCo Ordinary Shares at a deemed price of $10.00 per share (38,330,000 which will be subject to certain transfer restrictions, vesting and buyback conditions), with TopCo as the surviving company in the merger (the "Second Merger" and, together with the First Merger, the "Mergers").

Concurrently with the execution of the Business Combination Agreement, the Company and TopCo entered into subscription agreements with certain U.S.-based institutional and accredited investors (each a "U.S. Subscription Agreement") and non-U.S. persons (as defined in Regulation S under the Securities Act) (each a "Foreign Subscription Agreement" and, together with the U.S. Subscription Agreements, the "Initial Subscription Agreements"), pursuant to which such investors agreed to subscribe for and purchase, and TopCo agreed to issue and sell to such investors in private placements, prior to and substantially concurrently with the closing of the Business Combination, an aggregate of 15,330,000 TopCo Ordinary Shares at a purchase price of $10.00 per share, for aggregate gross proceeds of $153,300,000 (the "Initial PIPE Financing"). Subsequently to the Initial PIPE Financing, on January 18 2022, OACB and TopCo entered into Subscription Agreements (the "Subsequent Subscription Agreements", and together with the Initial Subscription Agreements, the "Subscription Agreements") with certain Initial Subscribers (the "Subsequent Subscribers", and together with the Initial Subscribers, the "Subscribers"), pursuant to which the Subsequent Subscribers have agreed to subscribe for, and TopCo has agreed to issue to the Subsequent Subscribers, an aggregate of 2,100,000 TopCo Ordinary Shares at a price of $10.00 per share, for aggregate gross proceeds of $21,000,000 (the "Subsequent PIPE Financing", and together with the Initial PIPE Financing, the "PIPE Financing"). The aggregate amount of TopCo Ordinary
Shares to be issued pursuant to the PIPE Financing is 17,493,000 for aggregate gross proceeds of $174,930,000. The Subscription Agreements contain substantially the same terms, except that the Foreign Subscription Agreement the investors thereto agreed to subscribe for TopCo Ordinary Shares at a price that is net of a 3.5% placement fee with the expectation that such investors will assign their rights to purchase the TopCo Ordinary Shares to other investors prior to the consummation of the Business Combination, however, there is no guarantee or obligation that such investors will assign such TopCo Ordinary Shares.

The closing of the PIPE Financing is subject to customary conditions for a financing of this nature, including the substantially concurrent consummation of the Business Combination. The Subscription Agreements provide that TopCo will grant the investors in the PIPE Financing certain customary registration rights with respect to their TopCo Ordinary Shares following the closing of the Business Combination.

Pursuant to the Business Combination Agreement, within 24-hours after the deadline for redemptions of OACB Class A Ordinary Shares, existing Alvotech shareholders may subscribe for TopCo Ordinary Shares on terms and conditions substantially the same as the Subscription Agreements, including the $10.00 per share price; provided, that the subscription amount under such additional financing, shall not exceed, in the aggregate, the amount required to ensure that the Minimum Cash Condition is satisfied.

Basis of Presentation

The accompanying financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Going Concern

As of December 31, 2021, the Company had approximately $587,000 in its operating bank account and negative working capital of approximately $4.7 million.

The Company's liquidity needs to date have been satisfied through a contribution of $25,000 from Sponsor to cover for certain expenses in exchange for the issuance of the Founder Shares, the loan of approximately $119,000 from the Sponsor pursuant to the Expense Reimbursement Agreement (see Note 4), and the proceeds from the consummation of the Private Placement not held in the Trust Account. To date, the loan remains outstanding. In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 4). As of December 31, 2021, there were no amounts outstanding under any Working Capital Loan.

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination. The Company will need to raise additional capital through loans or additional investments from its Sponsor, shareholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses.

The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate, September 21, 2022. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 2—Summary of Significant Accounting Policies

Use of Estimates

The preparation of these financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these financial statements is the determination of the fair value of the warrant liability. Such estimates may be subject to change as more current information becomes available and accordingly the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2021 and 2020.

Investments Held in Trust Account

The Company's portfolio of investments is comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities and generally have a readily determinable fair value, or a combination thereof. When the Company's investments held in the Trust Account are comprised of U.S. government securities, the investments are classified as trading securities. When the Company's investments held in the Trust Account are comprised of money market funds, the investments are recognized at fair value. Trading securities and investments in money market funds are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities are included in the income from investments held in Trust Account in the accompanying statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of $250,000, and investments held in Trust Account. As of December 31, 2021 and 2020, the Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

Fair Value Measurements

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets other than quoted prices included within Level 1 that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and FASB ASC Topic 815, “Derivatives and Hedging” (“ASC 815”). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The warrants issued in the Initial Public Offering (the “Public Warrants”) and the Private Placement Warrants are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to remeasurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company’s statement of operations. The fair value of warrants issued in connection with the Initial Public Offering and Private Placement was initially measured at fair value using a Monte Carlo simulation model. The fair value of warrants issued in connection with the Company’s Initial Public Offering has subsequently been measured based on the listed market price of such warrants. The subsequent fair value estimates of the Private Placement Warrants are measured using a combination of a Monte Carlo simulation model and the listed public warrant price.

Offering Costs Associated with the Initial Public Offering

Offering costs consisted of legal, accounting, underwriting fees and other costs incurred through the Initial Public Offering that were directly related to the Initial Public Offering. Offering costs were allocated to the separable financial instruments issued in the Initial Public Offering based on a relative fair value basis, compared to total proceeds received. Offering costs associated with derivative warrant liabilities were expensed as incurred and presented as non-operating expenses in the statements of operations. Offering costs associated with issuance of the Class A ordinary shares were charged against the carrying value of the Class A ordinary shares subject to possible redemption upon the completion of the Initial Public Offering. The Company classifies deferred underwriting commissions as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

Class A Ordinary Shares Subject to Possible Redemption

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with ASC 480. Class A ordinary shares subject to mandatory redemption (if any) is classified as liability instruments and are measured at fair value. Conditionally redeemable Class A ordinary shares (including Class A ordinary shares that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, Class A ordinary shares are classified as shareholders' equity. The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of December 31, 2021 and 2020, 25,000,000 Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' deficit section of the Company's balance sheets.

Effective with the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount, which resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Income Taxes

FASB ASC Topic 740, "Income Taxes" prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of December 31, 2021 and 2020. The Company's management determined that the Cayman Islands is the Company's only major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of December 31, 2021 and 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with Cayman income tax regulations, income taxes are not levied on the Company. Consequently, income taxes are not reflected in the Company's financial statements. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net Income (Loss) Per Ordinary Share

The Company has two classes of shares, Class A ordinary shares and Class B ordinary shares. Income and losses are shared pro rata between the two classes of shares. Net income (loss) per ordinary share is computed by

dividing net income (loss) by the weighted-average number of ordinary shares outstanding during the periods. The Company has not considered the effect of the warrants sold in the Initial Public Offering and the Private Placement to purchase an aggregate of 10,916,667, of the Company's Class A ordinary shares in the calculation of diluted net income (loss) per share, because their exercise is contingent upon future events and their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted net income (loss) per share is the same as basic net income (loss) per share for the year ended December 31, 2021 and the period from August 5, 2020 (inception) through December 31, 2020. Accretion associated with the Class A ordinary shares subject to possible redemption is excluded from earnings per share as the redemption value approximates fair value.

The following table presents a reconciliation of the numerator and denominator used to compute basic and diluted net income (loss) per share for each class of ordinary share:

	For the Year Ended December 31, 2021	
	Class A	Class B
Basic and diluted net income per common share:		
Numerator:		
Allocation of net income	$ 3,194,529	$ 798,632
Denominator:		
Basic and diluted weighted average common shares outstanding	25,000,000	6,250,000
Basic and diluted net income per common share	$ 0.13	$ 0.13

	For the Period From August 5, 2020 (inception) Through December 31, 2020	
	Class A	Class B
Basic and diluted net loss per common share:		
Numerator:		
Allocation of net loss	$ (6,871,324)	$(2,399,911)
Denominator:		
Basic and diluted weighted average common shares outstanding	17,176,871	6,058,673
Basic and diluted net loss per common share	$ (0.40)	$ (0.40)

Recent Accounting Pronouncements

In August 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception, and it simplifies the diluted earnings per share calculation in certain areas. The Company adopted ASU 2020-06 on January 1, 2021. Adoption of the ASU did not impact the Company's financial position, results of operations or cash flows.

The Company's management does not believe that any other recently issued, but not yet effective, accounting pronouncement if currently adopted would have a material effect on the Company's financial statements.

Note 3—Initial Public Offering

On September 21, 2020, the Company consummated its Initial Public Offering of 25,000,000 Units, including 2,500,000 Over-Allotment Units, at $10.00 per Unit, generating gross proceeds of $250.0 million, and incurring offering costs of approximately $14.5 million, inclusive of approximately $8.8 million in deferred underwriting commissions.

Each Unit consisted of one Class A ordinary share, and one-fourth of one redeemable warrant (each, a "Public Warrant"). Each Public Warrant entitles the holder to purchase one Class A ordinary share at a price of $11.50 per share, subject to adjustment (see Note 8).

Note 4—Related Party Transactions

Founder Shares

On August 7, 2020, the Sponsor paid $25,000 to cover certain expenses on behalf of the Company in exchange for issuance of 6,468,750 Class B ordinary shares, par value $0.0001, (the "Founder Shares"). The Sponsor agreed to forfeit up to 843,750 Founder Shares to the extent that the over-allotment option was not exercised in full by the underwriters, so that the Founder Shares would represent 20.0% of the Company's issued and outstanding shares after the Initial Public Offering. On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units; thus, an aggregate of 218,750 Founder Shares were forfeited accordingly.

The initial shareholders agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earlier to occur of (A) one year after the completion of the initial Business Combination or (B) subsequent to the initial Business Combination, (x) if the closing price of Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property.

Private Placement Warrants

Simultaneously with the closing of the Initial Public Offering, the Company consummated the Private Placement of 4,666,667 Private Placement Warrants, at a price of $1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of $7.0 million.

Each whole Private Placement Warrant is exercisable for one whole Class A ordinary share at a price of $11.50 per share. A portion of the proceeds from the Private Placement Warrants was added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless. The Private Placement Warrants will be non-redeemable and exercisable on a cashless basis so long as they are held by the Sponsor or its permitted transferees.

The Sponsor and the Company's officers and directors agreed, subject to limited exceptions, not to transfer, assign or sell any of their Private Placement Warrants until 30 days after the completion of the initial Business Combination.

Expense Reimbursement Agreement

On August 7, 2020, the Sponsor agreed pursuant to an expense reimbursement agreement ("Expense Reimbursement Agreement") to advance the Company up to $300,000 to pay for a portion of the expenses in

connection with the Initial Public Offering. As of December 31, 2021 and 2020, the Company has a loan balance of approximately $119,000 from the Sponsor.

Working Capital Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of the proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to $1.5 million of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of $1.50 per warrant. The warrants would be identical to the Private Placement Warrants. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. As of December 31, 2021, the Company had no borrowings under the Working Capital Loans.

Administrative Support Agreement

Commencing on the date the Company's securities were first listed on the New York Stock Exchange, the Company agreed to pay the Sponsor a total of $10,000 per month for office space, secretarial and administrative services provided to the Company. Upon completion of the initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. The Company incurred $120,000 and $35,000 in expenses in connection with such services during the year ended December 31, 2021 and the period from August 5, 2020 (inception) through December 31, 2020 as reflected in the accompanying statements of operations. As of December 31, 2021 and 2020, the Company had $155,000 and $35,000, respectively, in accrued expenses-related party in connection with such services as reflected in the accompanying balance sheets.

Note 5—Commitments and Contingencies

Registration and Shareholder Rights

The holders of Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) are entitled to registration rights pursuant to a registration and shareholder rights agreement. These holders will be entitled to certain demand and "piggyback" registration rights. However, the registration and shareholder rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until the termination of the applicable lock-up period for the securities to be registered. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The Company granted the underwriters a 45-day option from the final prospectus relating to the Initial Public Offering to purchase up to 3,375,000 Over-Allotment Units, if any, at the Initial Public Offering price less the underwriting discounts and commissions. On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units.

The underwriters were entitled to an underwriting discount of $0.20 per unit, or $5.0 million in the aggregate, paid upon the closing of the Initial Public Offering. In addition, $0.35 per unit, or approximately $8.8 million in the aggregate will be payable to the underwriters for deferred underwriting commissions. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

Deferred Legal Fees

The Company entered into an engagement letter to obtain legal advisory services, pursuant to which the Company's legal counsel agreed to defer an aggregate of $100,000 of their fees in connection with the Initial Public Offering until the closing of the Initial Business Combination. The deferred fee will become payable to the legal counsel from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination. As of December 31, 2021 and 2020, the Company recorded an aggregate of $100,000 in connection with such arrangement as deferred legal fees in the accompanying balance sheets.

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that the specific impact is not readily determinable as of the date of the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 6—Class A Ordinary Shares Subject to Possible Redemption

The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. The Company is authorized to issue 300,000,000 Class A ordinary shares with a par value of $0.0001 per share. As of December 31, 2021 and 2020, there were 25,000,000 Class A ordinary shares outstanding, all of which were subject to possible redemption.

The Class A ordinary shares issued in the Initial Public Offering, including those issued as part of the Over-Allotment Units were recognized in Class A ordinary shares subject to possible redemption as follows:

Gross Proceeds	$250,000,000
Less:	
Offering costs allocated to Class A shares subject to possible redemption	(14,025,419)
Proceeds allocated to Public Warrants at issuance	(7,260,600)
Plus:	
Accretion on Class A ordinary shares subject to possible redemption amount	21,286,019
Class A ordinary shares subject to possible redemption	**$250,000,000**

Note 7—Shareholders' Deficit

Class A Ordinary Shares—The Company is authorized to issue 300,000,000 Class A ordinary shares with a par value of $0.0001 per share. Holders of the Company's Class A ordinary share are entitled to one vote for each share. As of December 31, 2021 and 2020, there were 25,000,000 Class A ordinary shares issued and outstanding, respectively, all of which are subject to possible redemption have been classified as temporary equity (see Note 6).

Class B Ordinary Shares—The Company is authorized to issue 30,000,000 Class B ordinary shares with a par value of $0.0001 per share. On August 7, 2020, there were 6,468,750 Class B ordinary shares issued and outstanding, of which up to 843,750 shares were subject to forfeiture to the extent that the underwriters' over-allotment option was not exercised in full or in part, so that the initial shareholders would collectively own approximately 20% of the Company's issued and outstanding ordinary shares (see Note 4). On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units; thus, an aggregate of 218,750 Class B ordinary shares were forfeited accordingly. As such, on December 31, 2021 and 2020, there were 6,250,000 Class B ordinary shares issued and outstanding.

Ordinary shareholders of record are entitled to one vote for each share held on all matters to be voted on by shareholders. Holders of Class A ordinary shares and holders of Class B ordinary shares will vote together as a single class on all matters submitted to a vote of the Company's shareholders except as required by law.

The Class B ordinary shares will automatically convert into Class A ordinary shares at the time of the Company's initial Business Combination at a ratio such that the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of (i) the total number of Class A ordinary shares issued and outstanding upon completion of the Initial Public Offering, plus (ii) the total number of Class A ordinary shares issued or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of the initial Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in the initial Business Combination and any Private Placement Warrants issued to the Sponsor upon conversion of Working Capital Loans. In no event will the Class B ordinary shares convert into Class A ordinary shares at a rate of less than one to one.

Preference Shares—The Company is authorized to issue 1,000,000 preference shares with a par value of $0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of December 31, 2021 and 2020, there were no preference shares issued or outstanding.

Note 8—Derivative Warrant Liabilities

As of December 31, 2021 and 2020, the Company has 6,250,000 and 4,666,667 Public Warrants and Private Placement Warrants, respectively, outstanding. Public Warrants may only be exercised for a whole number of shares. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than twenty business days after the closing of the initial Business Combination, the Company will use its commercially reasonable efforts to file with the SEC a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants, and the Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of the initial Business Combination, and to maintain the effectiveness of such registration statement and a current prospectus relating to those Class A ordinary shares until the warrants expire or are redeemed, as specified in the warrant agreement provided that if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to

do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the 60th day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption, but the Company will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

The warrants have an exercise price of $11.50 per whole share, and will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation. In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than $9.20 per ordinary share (with such issue price or effective issue price to be determined in good faith by the Company and, (i) in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance, and (ii) to the extent that such issuance is made to the Company or its affiliates, without taking into account the transfer of Founder Shares or Private Placement Warrants (including if such transfer is effectuated as a surrender to the Company and subsequent reissuance by the Company) by the Sponsor in connection with such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates the initial Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the $18.00 per share redemption trigger price described below under "Redemption of warrants when the price per Class A ordinary share equals or exceeds $18.00" and "Redemption of warrants when the price per Class A ordinary share equals or exceeds $10.00" will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the $10.00 per share redemption trigger price described below under "Redemption of warrants when the price per Class A ordinary share equals or exceeds $10.00" will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Placement Warrants are held by someone other than the Initial Shareholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Redemption of warrants when the price per Class A ordinary share equals or exceeds $18.00

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;

- upon a minimum of 30 days' prior written notice of redemption; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $18.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The Company will not redeem the warrants unless an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the warrants is effective and a current prospectus relating to those Class A ordinary shares is available throughout the 30-day redemption period. If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of Warrants when the price per Class A ordinary share equals or exceeds $10.00

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at $0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the "fair market value" of Class A ordinary shares;
- if, and only if, the reported closing price of Class A ordinary shares equals or exceeds $10.00 per share (as adjusted per share splits, share dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if the closing price of the Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders is less than $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "Description of Securities-Warrants-Public Shareholders' Warrants-Anti-dilution Adjustments"), the private placement warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

The "fair market value" of the Class A ordinary shares for the above purpose shall mean the average last reported sale price of Class A ordinary shares for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants. The Company will provide its warrant holders with the final fair market value no later than one business day after the 10 trading day period described above ends. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.361 Class A ordinary shares per warrant (subject to adjustment).

If the Company has not completed the initial Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

Note 9—Fair Value Measurements

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2021 and 2020 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

December 31, 2021 Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investments held in Trust Account	$250,034,128	$ —	$—
Liabilities:			
Derivative warrant liabilities-public warrants	$ 6,625,000	$ —	$—
Derivative warrant liabilities-private warrants	$ —	$4,946,670	$—

December 31, 2020 Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investments held in Trust Account	$250,006,919	$—	$ —
Liabilities:			
Derivative warrant liabilities-public warrants	$ 11,946,640	$—	$ —
Derivative warrant liabilities-private warrants	$ —	$—	$9,427,520

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. The private warrants were transferred from a Level 3 measurement to a Level 2 measurement during 2021 as the private warrants are viewed as economically equivalent to the public warrants.

Level 1 assets include investments in mutual funds and U.S. Treasury securities. The Company uses inputs such as actual trade data, benchmark yields, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

The fair value of the Public Warrants issued in connection with the Public Offering and Private Placement Warrants was initially measured at fair value using a Monte Carlo simulation model, and subsequently, the fair value of the Private Placement Warrants has been estimated using a combination of a Monte Carlo simulation model and the Public Warrant prices each measurement date. The fair value of Public Warrants issued in connection with the Initial Public Offering has been measured based on the listed market price of such warrants, a Level 1 measurement, since November 2020.

For the year ended December 31, 2021, the Company recognized a gain in the statements of operations resulting from a decrease in the fair value of liabilities of approximately $9.8 million presented as change in fair value of derivative warrant liabilities on the accompanying statements of operations.

The Company recognized $12,800,160 for the derivative warrant liabilities upon their issuance on September 21, 2020. For the period from August 5, 2020 (inception) through December 31, 2020, the Company recognized a

charge to the statements of operations resulting from an increase in the fair value of liabilities of approximately $8.6 million presented as change in fair value of derivative warrant liabilities on the accompanying statements of operations.

Inherent in a Monte Carlo simulation are assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock warrants based on implied volatility from the Company's traded warrants and from historical volatility of select peer company's common stock that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

The following table provides quantitative information regarding Level 3 fair value measurements inputs at their measurement dates:

	As of December 31, 2020
Stock price	$10.49
Volatility	24.5%
Expected life of the options to convert	6.21
Risk-free rate	0.54%
Dividend yield	—

The change in the fair value of the Level 3 derivative warrant liabilities for the year ended December 31, 2021 and the period from August 5, 2020 (inception) through December 31, 2020 is summarized as follows:

Derivative warrant liabilities at August 5, 2020 (inception)	$ —
Issuance of Public and Private Warrants	12,800,160
Change in fair value of warrant liabilities	8,574,000
Transfer of public warrants to Level 1	(11,946,640)
Balance as of December 31, 2020	9,427,520
Change in fair value of warrant liabilities	(9,802,490)
Transfer of private warrants to Level 2	374, 970
Balance as of December 31, 2021	$ —

Note 10. Subsequent Events

Management has evaluated subsequent events to determine if events or transactions occurring through March 30, 2022, require potential adjustment to or disclosure in the financial statements and has concluded that no such events that would require recognition or disclosure are required to be recognized or disclosed.

In February 2022, the Russian Federation and Belarus commenced a military action with the country of Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus. Further, the impact of this action and related sanctions on the world economy is not determinable as of the date of these financial statements. The specific impact on the Company's financial condition, results of operations, and cash flows is also not determinable as of the date of these financial statements.

OAKTREE ACQUISITION CORP. II
CONDENSED BALANCE SHEETS

	March 31, 2022 (unaudited)	December 31, 2021
Assets:		
Current Assets		
Cash	$ 505,919	$ 587,171
Prepaid expenses	126,250	100,000
Total current assets	632,169	687,171
Investments held in Trust Account	250,059,306	250,034,128
Total assets	**$250,691,475**	**$250,721,299**
Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 155,597	$ 233,405
Accrued expenses	5,954,183	4,784,896
Accrued expenses—related party	309,947	240,822
Advance from related party	119,159	119,159
Total current liabilities	6,538,886	5,378,282
Deferred legal fees	100,000	100,000
Deferred underwriting commissions	8,750,000	8,750,000
Derivative warrant liabilities	7,095,830	11,571,670
Total liabilities	22,484,716	25,799,952
Commitments and Contingencies		
Class A ordinary shares subject to possible redemption, $0.0001 per share; 25,000,000 shares outstanding at March 31, 2022 and December 31, 2021, respectively	250,000,000	250,000,000
Shareholders' Deficit:		
Preference shares, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A ordinary shares subject to possible redemption, $0.0001 par value; 300,000,000 shares authorized	—	—
Class B ordinary shares, $0.0001 par value; 30,000,000 shares authorized; 6,250,000 shares issued and outstanding at March 31, 2022 and December 31, 2021	625	625
Additional paid-in capital	—	—
Accumulated deficit	(21,793,866)	(25,079,278)
Total shareholders' deficit	(21,793,241)	(25,078,653)
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit	**$250,691,475**	**$250,721,299**

The accompanying notes are an integral part of these unaudited condensed financial statements.

OAKTREE ACQUISITION CORP. II
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
General and administrative expenses	$ 1,215,606	$ 545,560
Loss from operations	(1,215,606)	(545,560)
Other income		
Change in fair value of derivative warrant liabilities	4,475,840	7,607,550
Net gain on investments held in Trust Account	25,178	7,027
Total other income	4,501,018	7,614,577
Net income	$ 3,285,412	$ 7,069,017
Basic and diluted weighted average shares outstanding of Class A ordinary shares	25,000,000	25,000,000
Basic and diluted net income per share, Class A	$ 0.11	$ 0.23
Basic and diluted weighted average shares outstanding of Class B ordinary shares	6,250,000	6,250,000
Basic and diluted net income per share, Class B	$ 0.11	$ 0.23

The accompanying notes are an integral part of these unaudited condensed financial statements.

OAKTREE ACQUISITION CORP. II
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

For the three months ended March 31, 2022

	Ordinary Shares				Additional Paid-in	Accumulated	Total Shareholders'
	Class A		Class B				
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance—December 31, 2021	**—**	**$—**	**6,250,000**	**$625**	**$—**	**$(25,079,278)**	**$(25,078,653)**
Net income	—	—	—	—	—	3,285,412	3,285,412
Balance—March 31, 2022 (unaudited)	**—**	**$—**	**6,250,000**	**$625**	**$—**	**$(21,793,866)**	**$(21,793,241)**

For the three months ended March 31, 2021

	Ordinary Shares				Additional Paid-in	Accumulated	Total Shareholders'
	Class A		Class B				
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance—December 31, 2020	**—**	**$—**	**6,250,000**	**$625**	**$—**	**$(29,072,439)**	**$(29,071,814)**
Net income	—	—	—	—	—	7,069,017	7,069,017
Balance—March 31, 2021 (unaudited)	**—**	**$—**	**6,250,000**	**$625**	**$—**	**$(22,003,422)**	**$(22,002,797)**

The accompanying notes are an integral part of these unaudited condensed financial statements.

OAKTREE ACQUISITION CORP. II UNAUDITED
CONDENSED STATEMENTS OF CASH FLOWS

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Cash Flows from Operating Activities:		
Net income	$ 3,285,412	$ 7,069,017
Adjustments to reconcile net income to net cash used in operating activities:		
Net gain on investments held in Trust Account	(25,178)	(7,027)
Change in fair value of derivative warrant liabilities	(4,475,840)	(7,607,550)
Changes in operating assets and liabilities:		
Prepaid expenses	(26,250)	(18,172)
Accounts payable	(77,808)	20,242
Accrued expenses	1,169,287	382,554
Accrued expenses—related party	69,125	54,784
Net cash used in operating activities	(81,252)	(106,152)
Cash Flows from Financing Activities:		
Offering costs paid	—	(85,000)
Net cash used in financing activities	—	(85,000)
Net change in cash	(81,252)	(191,152)
Cash—beginning of the period	587,171	1,277,714
Cash—end of the period	**$ 505,919**	**$ 1,086,562**

The accompanying notes are an integral part of these unaudited condensed financial statements.

Note 1—Description of Organization, Business Operations and Basis of Presentation

Oaktree Acquisition Corp. II (the "Company") was incorporated as a Cayman Islands exempted company on August 5, 2020. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities (the "Business Combination").

As of March 31, 2022, the Company had not commenced any operations. All activity for the period from August 5, 2020 (inception) through March 31, 2022 relates to the Company's formation, the initial public offering described below and since the closing of the initial public offering, the search for a prospective initial business combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company generates non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the initial public offering (the "Initial Public Offering"). The Company has selected December 31 as its fiscal year end.

The Company's sponsor is Oaktree Acquisition Holdings II, L.P., a Cayman Islands exempted limited partnership (the "Sponsor"). The registration statement for the Company's Initial Public Offering was declared effective on September 16, 2020. On September 21, 2020, the Company consummated its Initial Public Offering of 25,000,000 units (the "Units" and, with respect to the Class A ordinary shares included in the Units being offered, the "Public Shares"), including 2,500,000 additional Units to cover over-allotments (the "Over- Allotment Units"), at $10.00 per Unit, generating gross proceeds of $250.0 million, and incurring offering costs of approximately $14.5 million, inclusive of approximately $8.8 million in deferred underwriting commissions (see Note 5).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement ("Private Placement") of 4,666,667 warrants (each, a "Private Placement Warrant" and collectively, the "Private Placement Warrants"), at a price of $1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of $7.0 million (see Note 4).

Upon the closing of the Initial Public Offering and the Private Placement, $250.0 million ($10.00 per Unit) of the net proceeds of the Initial Public Offering and certain of the proceeds of the Private Placement were placed in a trust account ("Trust Account"), located in the United States with Continental Stock Transfer & Trust Company acting as trustee, and invested only in United States "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act having a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. The Company must complete one or more initial Business Combinations having an aggregate fair market value of at least 80% of the assets held in the Trust Account (as defined below) (net of amounts previously disbursed to management for Regulatory Withdrawals (as defined below) and excluding the amount of deferred underwriting discounts held in Trust and taxes payable on the income earned on the Trust Account) at the time of the signing of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide the holders (the "Public Shareholders") of the Public Shares with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be $10.00 per Public Share). The per-share amount to be distributed to Public Shareholders who redeem their Public Shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 5). These Public Shares will be classified as temporary equity upon the completion of the Initial Public Offering in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity" ("ASC 480"). In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least $5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to the amended and restated memorandum and articles of association of the Company in place at the time of the consummation of the Initial Public Offering (the "Amended and Restated Memorandum and Articles of Association"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with
a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each Public Shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial shareholders (as defined below) have agreed to vote their Founder Shares (as defined below in Note 4) and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination. Subsequent to the consummation of the Initial Public Offering, the Company will adopt an insider trading policy which will require insiders to: (i) refrain from purchasing shares during certain blackout periods and when they are in possession of any material non-public information and (ii) to clear all trades with the Company's legal counsel prior to execution. In addition, the initial shareholders have agreed to waive their redemption rights with respect to their Founder Shares and Public Shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Amended and Restated Memorandum and Articles of Association will provide that a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the Class A ordinary shares sold in the Initial Public Offering, without the prior consent of the Company.

The Company's Sponsor, officers and directors (the "initial shareholders") agreed not to propose an amendment to the amended and restated memorandum and articles of association (a) that would modify the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination within 24 months from the closing of the Initial Public Offering, or September 21, 2022 (the "Combination Period") or (b) with respect to any other provision relating to shareholders' rights or pre-initial Business Combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Class A ordinary shares in conjunction with any such amendment.

If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible but not more

than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to the Company to fund the Company's regulatory compliance requirements and other costs related thereto (a "Regulatory Withdrawal"), subject to an annual limit of $250,000, and/or to pay its income taxes, if any, (less up to $100,000 of interest to pay dissolution expenses) divided by the number of the then outstanding Public Shares, which redemption will completely extinguish Public Shareholders' rights as shareholders (including the right to receive further liquidation distributions, if any); and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in the case of clauses (ii) and (iii), to the Company's obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law.

The Sponsor agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Sponsor or members of the Company's management team acquire Public Shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 5) held in the Trust Account in the event the Company does not complete a Business Combination within in the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only $10.00 per share initially held in the Trust Account. In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except the Company's Independent Registered Public Accounting Firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Proposed Business Combination—Alvotech Holdings, S.A.

On December 7, 2021, the Company entered into a Business Combination Agreement (as it may be amended, supplemented or otherwise modified from time to time, the "Business Combination Agreement"), by and among the Company, Alvotech Holdings S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Alvotech") and Alvotech Lux Holdings S.A.S., a simplified joint stock company (*société par actions simplifiée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("TopCo"). The Business Combination Agreement and the transactions contemplated thereby were approved by the boards of directors of both the Company and Alvotech and the sole chairman (*president*) of TopCo. The Business Combination is expected to close on or about June 15, 2022, following the receipt of the required approval by the Company's shareholders and the fulfillment of other customary closing conditions.

The Business Combination Agreement provides for, among other things, the following transactions on the closing date: (a) at the First Merger Effective Time (as defined in the Business Combination Agreement), the Company will merge with and into TopCo, whereby (i) all of the outstanding Class A ordinary shares of the Company, par value $0.0001 per share (the "OACB Class A Ordinary Shares") and the Company's Class B ordinary shares, par value $0.0001 (the "OACB Class B Ordinary Shares", and together with the OACB Class A Ordinary Shares, the "OACB Ordinary Shares") will be exchanged for ordinary shares of TopCo (the "TopCo Ordinary Shares") and (ii) all of the outstanding warrants of the Company included in the units sold in the Company's initial public offering and all of the outstanding warrants of the Company purchased in a private placement in connection with the Company's initial public offering (the "OACB Warrants") will be converted into warrants of TopCo with substantially the same terms as the OACB Warrants (the "TopCo Warrants"), with TopCo as the surviving company in the merger (the "First Merger"); (b) immediately after the effectiveness of the First Merger, TopCo will redeem and cancel the shares held by the initial sole shareholder of TopCo pursuant to a share capital reduction of TopCo (the "Redemption"); (c) immediately after the effectiveness of the First Merger and the Redemption, the legal form of TopCo shall be changed from a simplified joint stock company (*société par actions simplifiée*) to a public limited liability company (*société anonyme*) under Luxembourg law (the "Conversion"); and (d) immediately following the effectiveness of the Conversion and the PIPE Financing (as defined in the below), Alvotech will merge with and into TopCo, whereby all outstanding Class A ordinary shares and Class B ordinary shares of Alvotech (collectively, the "Alvotech Shares") will be exchanged for an aggregate of 218,930,000 TopCo Ordinary Shares at a deemed price of $10.00 per share (38,330,000 which will be subject to certain transfer restrictions, vesting and buyback conditions), with TopCo as the surviving company in the merger (the "Second Merger" and, together with the First Merger, the "Mergers").

Concurrently with the execution of the Business Combination Agreement, the Company and TopCo entered into subscription agreements with certain U.S.-based institutional and accredited investors (each a "U.S. Subscription Agreement") and non-U.S. persons (as defined in Regulation S under the Securities Act) (each a "Foreign Subscription Agreement" and, together with the U.S. Subscription Agreements, the "Initial Subscription Agreements"), pursuant to which such investors agreed to subscribe for and purchase, and TopCo agreed to issue and sell to such investors in private placements, prior to and substantially concurrently with the closing of the Business Combination, an aggregate of 15,330,000 TopCo Ordinary Shares at a purchase price of $10.00 per share, for aggregate gross proceeds of $153,300,000 (the "Initial PIPE Financing"). Subsequently to the Initial PIPE Financing, on January 18, 2022, the Company and TopCo entered into Subscription Agreements (the "Subsequent Subscription Agreements", and together with the Initial Subscription Agreements, the "Subscription Agreements") with certain Initial Subscribers (the "Subsequent Subscribers", and together with the Initial Subscribers, the "Subscribers"), pursuant to which the Subsequent Subscribers have agreed to subscribe for, and TopCo has agreed to issue to the Subsequent Subscribers, an aggregate of 2,100,000 TopCo Ordinary Shares at a price of $10.00 per share, for aggregate gross proceeds of $21,000,000 (the "Subsequent PIPE Financing", and together with the Initial PIPE Financing, the "PIPE Financing"). The aggregate amount of TopCo Ordinary Shares to be issued pursuant to the PIPE Financing is 17,493,000 for aggregate gross proceeds of $174,930,000. The Subscription Agreements contain substantially the same terms, except that the Foreign Subscription Agreement the investors thereto agreed to subscribe for TopCo Ordinary Shares at a price that is net of a 3.5% placement fee with the expectation that such investors will assign their rights to purchase the TopCo Ordinary Shares to other investors prior to the consummation of the Business Combination, however, there is no guarantee or obligation that such investors will assign such TopCo Ordinary Shares.

The closing of the PIPE Financing is subject to customary conditions for a financing of this nature, including the substantially concurrent consummation of the Business Combination. The Subscription Agreements provide that TopCo will grant the investors in the PIPE Financing certain customary registration rights with respect to their TopCo Ordinary Shares following the closing of the Business Combination.

Pursuant to the Business Combination Agreement, within 24-hours after the deadline for redemptions of OACB Class A Ordinary Shares, existing Alvotech shareholders may subscribe for TopCo Ordinary Shares on terms and conditions substantially the same as the Subscription Agreements, including the $10.00 per share price; provided, that the subscription amount under such additional financing, shall not exceed, in the aggregate, the amount required to ensure that the Minimum Cash Condition is satisfied.

Refer to the Company's definitive proxy statement/prospectus filed with the U.S. Securities and Exchange Commission (the "SEC") on May 10, 2022 and mailed to shareholders on or about May 12, 2022 for additional information.

Basis of Presentation

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and Article 10 of Regulation S-X. Accordingly, certain disclosures included in the audited financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under GAAP and the rules of the SEC. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ended December 31, 2022.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K filed by the Company with the SEC on March 30, 2022.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Going Concern

As of March 31, 2022, the Company had approximately $506,000 in its operating bank account and negative working capital of approximately $5.9 million.

The Company's liquidity needs to date have been satisfied through a contribution of $25,000 from Sponsor to cover for certain expenses in exchange for the issuance of the Founder Shares, the loan of approximately $119,000 from the Sponsor pursuant to the Expense Reimbursement Agreement (see Note 4), and the proceeds from the consummation of the Private Placement not held in the Trust Account. To date, the loan remains outstanding. In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 4). As of March 31, 2022, there were no amounts outstanding under any Working Capital Loan.

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination. The Company will need to raise additional capital through loans or additional investments from its Sponsor, shareholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses.

In connection with the Company's assessment of going concern considerations in accordance with the FASB's ASC Topic 205-40, "Basis of Presentation – Going Concern," management has determined that the level of working capital raises substantial doubt about the Company's ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate, September 21, 2022. The Company intends to complete the proposed Business Combination before the mandatory liquidation date. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate, September 21, 2022. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 2—Summary of Significant Accounting Policies

Use of Estimates

The preparation of these financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a

condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these financial statements is the determination of the fair value of the warrant liability. Such estimates may be subject to change as more current information becomes available and accordingly the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at March 31, 2022 and December 31, 2021.

Investments Held in Trust Account

The Company's portfolio of investments is comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities and generally have a readily determinable fair value, or a combination thereof. When the Company's investments held in the Trust Account are comprised of U.S. government securities, the investments are classified as trading securities. When the Company's investments held in the Trust Account are comprised of money market funds, the investments are recognized at fair value. Trading securities and investments in money market funds are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities are included in the income from investments held in Trust Account in the accompanying statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage limit of $250,000, and investments held in Trust Account. As of March 31, 2022 and December 31, 2021, the Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

Fair Value Measurements

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets other than quoted prices included within Level 1 that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and FASB ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The warrants issued in the Initial Public Offering (the "Public Warrants") and the Private Placement Warrants are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjust the instruments to fair value at each reporting period.
The liabilities are subject to remeasurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statement of operations. The fair value of warrants issued in connection with the Initial Public Offering and Private Placement was initially measured at fair value using a Monte Carlo simulation model. The fair value of warrants issued in connection with the Company's Initial Public Offering has subsequently been measured based on the listed market price of such warrants. The subsequent fair value estimates of the Private Placement Warrants are measured using a combination of a Monte Carlo simulation model and the listed public warrant price.

Offering Costs Associated with the Initial Public Offering

Offering costs consisted of legal, accounting, underwriting fees and other costs incurred through the Initial Public Offering that were directly related to the Initial Public Offering. Offering costs were allocated to the separable financial instruments issued in the Initial Public Offering based on a relative fair value basis, compared to total proceeds received. Offering costs associated with derivative warrant liabilities were expensed as incurred and presented as non-operating expenses in the statements of operations. Offering costs associated with issuance of the Class A ordinary shares were charged against the carrying value of the Class A ordinary shares subject to possible redemption upon the completion of the Initial Public Offering. The Company classifies deferred underwriting commissions as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

Class A Ordinary Shares Subject to Possible Redemption

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with ASC 480. Class A ordinary shares subject to mandatory redemption (if any) is classified as liability instruments and are measured at fair value. Conditionally redeemable Class A ordinary shares (including Class A ordinary shares that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, Class A ordinary shares are classified as shareholders' equity. The Company's Class A ordinary

shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of March 31, 2022 and December 31, 2021, 25,000,000 Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' deficit section of the Company's balance sheets.

Effective with the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount, which resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Income Taxes

FASB ASC Topic 740, "Income Taxes" prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of March 31, 2022 and December 31, 2021. The Company's management determined that the Cayman Islands is the Company's only major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of March 31, 2022 and December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with Cayman income tax regulations, income taxes are not levied on the Company. Consequently, income taxes are not reflected in the Company's financial statements. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net Income (Loss) Per Ordinary Share

The Company has two classes of shares, Class A ordinary shares and Class B ordinary shares. Income and losses are shared pro rata between the two classes of shares. Net income (loss) per ordinary share is computed by dividing net income (loss) by the weighted-average number of ordinary shares outstanding during the periods. The Company has not considered the effect of the warrants sold in the Initial Public Offering and the Private Placement to purchase an aggregate of 10,916,667, of the Company's Class A ordinary shares in the calculation of diluted net income (loss) per share, because their exercise is contingent upon future events and their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted net income (loss) per share is the same as basic net income (loss) per share for the three months ended March 31, 2022 and 2021. Accretion associated with the Class A ordinary shares subject to possible redemption is excluded from earnings per share as the redemption value approximates fair value.

The following table presents a reconciliation of the numerator and denominator used to compute basic and diluted net income (loss) per share for each class of ordinary share:

	For the Three Months Ended March 31, 2022		For the Three Months Ended March 31, 2021	
	Class A	Class B	Class A	Class B
Basic and diluted net income per ordinary share:				
Numerator:				
Allocation of net income	$ 2,628,330	$ 657,082	$ 5,655,214	$1,413,803
Denominator:				
Basic and diluted weighted average ordinary shares outstanding	25,000,000	6,250,000	25,000,000	6,250,000
Basic and diluted net income per ordinary share	$ 0.11	$ 0.11	$ 0.23	$ 0.23

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncement if currently adopted would have a material effect on the Company's unaudited condensed financial statements.

Note 3—Initial Public Offering

On September 21, 2020, the Company consummated its Initial Public Offering of 25,000,000 Units, including 2,500,000 Over-Allotment Units, at $10.00 per Unit, generating gross proceeds of $250.0 million, and incurring offering costs of approximately $14.5 million, inclusive of approximately $8.8 million in deferred underwriting commissions.

Each Unit consisted of one Class A ordinary share, and one-fourth of one redeemable warrant (each, a "Public Warrant"). Each Public Warrant entitles the holder to purchase one Class A ordinary share at a price of $11.50 per share, subject to adjustment (see Note 8).

Note 4—Related Party Transactions

Founder Shares

On August 7, 2020, the Sponsor paid $25,000 to cover certain expenses on behalf of the Company in exchange for issuance of 6,468,750 Class B ordinary shares, par value $0.0001, (the "Founder Shares"). The Sponsor agreed to forfeit up to 843,750 Founder Shares to the extent that the over- allotment option was not exercised in full by the underwriters, so that the Founder Shares would represent 20.0% of the Company's issued and outstanding shares after the Initial Public Offering. On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units; thus, an aggregate of 218,750 Founder Shares were forfeited accordingly.

The initial shareholders agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earlier to occur of: (A) one year after the completion of the initial Business Combination or (B) subsequent to the initial Business Combination, (x) if the closing price of Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and

the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property.

Private Placement Warrants

Simultaneously with the closing of the Initial Public Offering, the Company consummated the Private Placement of 4,666,667 Private Placement Warrants, at a price of $1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of $7.0 million.

Each whole Private Placement Warrant is exercisable for one whole Class A ordinary share at a price of $11.50 per share. A portion of the proceeds from the Private Placement Warrants was added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless. The Private Placement Warrants will be non-redeemable and exercisable on a cashless basis so long as they are held by the Sponsor or its permitted transferees.

The Sponsor and the Company's officers and directors agreed, subject to limited exceptions, not to transfer, assign or sell any of their Private Placement Warrants until 30 days after the completion of the initial Business Combination.

Expense Reimbursement Agreement

On August 7, 2020, the Sponsor agreed pursuant to an expense reimbursement agreement ("Expense Reimbursement Agreement") to advance the Company up to $300,000 to pay for a portion of the expenses in connection with the Initial Public Offering. As of March 31, 2022 and December 31, 2021, the Company has a loan balance of approximately $119,000 from the Sponsor.

Working Capital Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of the proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to $1.5 million of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of $1.50 per warrant. The warrants would be identical to the Private Placement Warrants. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. As of March 31, 2022 and December 31, 2021, the Company had no borrowings under the Working Capital Loans.

Administrative Support Agreement

Commencing on the date the Company's securities were first listed on the New York Stock Exchange, the Company agreed to pay the Sponsor a total of $10,000 per month for office space, secretarial and administrative

services provided to the Company. Upon completion of the initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. The Company incurred $30,000 and $30,000 in expenses in connection with such services during the three months ended March 31, 2022 and 2021, respectively, as reflected in the accompanying unaudited condensed statements of operations. As of March 31, 2022 and December 31, 2021, the Company had $185,000 and $155,000, respectively, in accrued expenses-related party in connection with such services as reflected in the accompanying condensed balance sheets.

Note 5—Commitments and Contingencies

Registration and Shareholder Rights

The holders of Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) are entitled to registration rights pursuant to a registration and shareholder rights agreement. These holders will be entitled to certain demand and "piggyback" registration rights. However, the registration and shareholder rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until the termination of the applicable lock-up period for the securities to be registered. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The Company granted the underwriters a 45-day option from the final prospectus relating to the Initial Public Offering to purchase up to 3,375,000 Over-Allotment Units, if any, at the Initial Public Offering price less the underwriting discounts and commissions. On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units.

The underwriters were entitled to an underwriting discount of $0.20 per unit, or $5.0 million in the aggregate, paid upon the closing of the Initial Public Offering. In addition, $0.35 per unit, or approximately $8.8 million in the aggregate will be payable to the underwriters for deferred underwriting commissions. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

Deferred Legal Fees

The Company entered into an engagement letter to obtain legal advisory services, pursuant to which the Company's legal counsel agreed to defer an aggregate of $100,000 of their fees in connection with the Initial Public Offering until the closing of the Initial Business Combination. The deferred fee will become payable to the legal counsel from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination. As of March 31, 2022 and December 31, 2021, the Company recorded an aggregate of $100,000 in connection with such arrangement as deferred legal fees in the accompanying balance sheets.

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that the specific impact is not readily determinable as of the date of the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In February 2022, the Russian Federation and Belarus commenced a military action with the country of Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against

the Russian Federation and Belarus. Further, the impact of this action and related sanctions on the world economy is not determinable as of the date of these financial statements.

Note 6 — Class A Ordinary Shares Subject to Possible Redemption

The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. The Company is authorized to issue 300,000,000 Class A ordinary shares with a par value of $0.0001 per share. As of March 31, 2022 and December 31, 2021, there were 25,000,000 Class A ordinary shares outstanding, all of which were subject to possible redemption.

The Class A ordinary shares issued in the Initial Public Offering, including those issued as part of the Over-Allotment Units were recognized in Class A ordinary shares subject to possible redemption as follows:

Gross Proceeds	$250,000,000
Less:	
Offering costs allocated to Class A shares subject to possible redemption	(14,025,419)
Proceeds allocated to Public Warrants at issuance	(7,260,600)
Plus:	
Accretion on Class A ordinary shares subject to possible redemption amount	21,286,019
Class A ordinary shares subject to possible redemption	$250,000,000

Note 7—Shareholders' Deficit

Class A Ordinary Shares—The Company is authorized to issue 300,000,000 Class A ordinary shares with a par value of $0.0001 per share. Holders of the Company's Class A ordinary share are entitled to one vote for each share. As of March 31, 2022 and December 31, 2021, there were 25,000,000 Class A ordinary shares issued and outstanding, respectively, all of which are subject to possible redemption have been classified as temporary equity (see Note 6).

Class B Ordinary Shares—The Company is authorized to issue 30,000,000 Class B ordinary shares with a par value of $0.0001 per share. On August 7, 2020, there were 6,468,750 Class B ordinary shares issued and outstanding, of which up to 843,750 shares were subject to forfeiture to the extent that the underwriters' over-allotment option was not exercised in full or in part, so that the initial shareholders would collectively own approximately 20% of the Company's issued and outstanding ordinary shares (see Note 4). On September 21, 2020, the underwriters partially exercised the over-allotment option to purchase 2,500,000 Over-Allotment Units; thus, an aggregate of 218,750 Class B ordinary shares were forfeited accordingly. As such, on March 31, 2022 and December 31, 2021, there were 6,250,000 Class B ordinary shares issued and outstanding.
Ordinary shareholders of record are entitled to one vote for each share held on all matters to be voted on by shareholders. Holders of Class A ordinary shares and holders of Class B ordinary shares will vote together as a single class on all matters submitted to a vote of the Company's shareholders except as required by law.

The Class B ordinary shares will automatically convert into Class A ordinary shares at the time of the Company's initial Business Combination at a ratio such that the number of Class A ordinary shares issuable upon conversion

of all Founder Shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of (i) the total number of Class A ordinary shares issued and outstanding upon completion of the Initial Public Offering, plus (ii) the total number of Class A ordinary shares issued or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of the initial Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in the initial Business Combination and any Private Placement Warrants issued to the Sponsor upon conversion of Working Capital Loans. In no event will the Class B ordinary shares convert into Class A ordinary shares at a rate of less than one to one.

Preference Shares—The Company is authorized to issue 1,000,000 preference shares with a par value of $0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of March 31, 2022 and December 31, 2021, there were no preference shares issued or outstanding.

Note 8—Derivative Warrant Liabilities

As of March 31, 2022 and December 31, 2021, the Company has 6,250,000 and 4,666,667 Public Warrants and Private Placement Warrants, respectively, outstanding. Public Warrants may only be exercised for a whole number of shares. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than twenty business days after the closing of the initial Business Combination, the Company will use its commercially reasonable efforts to file with the SEC a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants, and the Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of the initial Business Combination, and to maintain the effectiveness of such registration statement and a current prospectus relating to those Class A ordinary shares until the warrants expire or are redeemed, as specified in the warrant agreement provided that if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the 60th day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption, but the Company will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

The warrants have an exercise price of $11.50 per whole share, and will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation. In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than $9.20 per ordinary share (with such issue price or effective issue price to be determined in good faith by the Company and, (i) in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder

Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance, and (ii) to the extent that such issuance is made to the Company or its affiliates, without taking into account the transfer of Founder Shares or Private Placement Warrants (including if such transfer is effectuated as a surrender to the Company and subsequent reissuance by the Company) by the Sponsor in connection with such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates the initial Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the $18.00 per share redemption trigger price described below under "Redemption of warrants when the price per Class A ordinary share equals or exceeds $18.00" and "Redemption of warrants when the price per Class A ordinary share equals or exceeds $10.00" will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the $10.00 per share redemption trigger price described below under "Redemption of warrants when the price per Class A ordinary share equals or exceeds $10.00" will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Placement Warrants are held by someone other than the Initial Shareholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Redemption of warrants when the price per Class A ordinary share equals or exceeds $18.00.

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $18.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The Company will not redeem the warrants unless an effective registration statement under the Securities Act covering the Class A ordinary shares issuable upon exercise of the warrants is effective and a current prospectus relating to those Class A ordinary shares is available throughout the 30-day redemption period. If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of Warrants when the price per Class A ordinary share equals or exceeds $10.00.

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at $0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the "fair market value" of Class A ordinary shares;
- if, and only if, the reported closing price of Class A ordinary shares equals or exceeds $10.00 per share (as adjusted per share splits, share dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if the closing price of the Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders is less than $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "Description of Securities—Warrants—Public Shareholders' Warrants—Anti-dilution Adjustments"), the private placement warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

The "fair market value" of the Class A ordinary shares for the above purpose shall mean the average last reported sale price of Class A ordinary shares for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants. The Company will provide its warrant holders with the final fair market value no later than one business day after the 10 trading day period described above ends. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.361 Class A ordinary shares per warrant (subject to adjustment).

If the Company has not completed the initial Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

Note 9—Fair Value Measurements

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

March 31, 2022 Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investments held in Trust Account	$250,059,306	$ —	$—
Liabilities:			
Derivative warrant liabilities-public warrants	$ 4,062,500	$ —	$—
Derivative warrant liabilities-private warrants	—	$3,033,330	$—

December 31, 2021 Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investments held in Trust Account	$250,034,128	$ —	$—
Liabilities:			
Derivative warrant liabilities-public warrants	$ 6,625,000	$ —	$—
Derivative warrant liabilities-private warrants	$ —	$4,946,670	$—

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. The private warrants were transferred from a Level 3 measurement to a Level 2 measurement during 2021 as the private warrants are viewed as economically equivalent to the public warrants.

Level 1 assets include investments in mutual funds and U.S. Treasury securities. The Company uses inputs such as actual trade data, benchmark yields, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

The fair value of the Public Warrants issued in connection with the Public Offering and Private Placement Warrants was initially measured at fair value using a Monte Carlo simulation model, and subsequently, the fair value of the Private Placement Warrants has been estimated using a combination of a Monte Carlo simulation model and the Public Warrant prices each measurement date. The fair value of Public Warrants issued in connection with the Initial Public Offering has been measured based on the listed market price of such warrants, a Level 1 measurement, since November 2020.

For the three months ended March 31, 2022 and 2021, the Company recognized a gain in the statements of operations resulting from a decrease in the fair value of liabilities of approximately $4.5 million and $7.6 million, respectively, presented as change in fair value of derivative warrant liabilities on the accompanying statements of operations.

Inherent in a Monte Carlo simulation are assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock warrants based on implied volatility from the Company's traded warrants and from historical volatility of select peer company's common stock that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

The change in the fair value of the level 3 derivative warrant liabilities for the three months ended March 31, 2021 is summarized as follows:

Derivative warrant liabilities at December 31, 2020	$ 9,427,520
Change in fair value of derivative warrant liabilities	(3,490,580)
Derivative warrant liabilities at March 31, 2021	$ 5,936,940

The Private Placement Warrants were classified as level 2 during the six months ended 30 June, 2021 and there was no change in fair value of level 3 derivatives for the three months ended March 31, 2022.

Note 10—Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the condensed balance sheet date through the date that the condensed financial statements were issued. Based upon this review, except as noted below the Company did not identify any subsequent events that have not been disclosed in the condensed financial statements.

Amendment to Business Combination Agreement

On 18
, 2022, the Company and Alvotech entered into an amendment ("Amendment No. 1") to the Business Combination Agreement. Amendment No. 1 modifies the Business Combination Agreement (i) to lower the Minimum Cash Condition (as defined in the Business Combination Agreement) from $300,000,000 to
$250,000,000, (ii) to increase the principle amount of indebtedness Alvotech can incur in any debt financing transactions, in the aggregate, prior to the closing of the Business Combination without the prior written consent of the Company from $50,000,000 to $90,000,000 and (iii) provide that the aggregate proceeds in excess of $90,000,000 of any debt financing funded or available to be funded to Alvotech prior to the closing of the Business Combination (and, for the avoidance of doubt, after the date of the Business Combination Agreement), at or following the closing of the Business Combination are to be credited towards the Minimum Cash Condition.

Proxy Statement/Prospectus Effectiveness

On May 10, 2022, the proxy statement/prospectus was declared effective and on May 12, 2022, the Company commenced with mailing the proxy materials to the Company's shareholders ahead of the Extraordinary General Meeting of the Company's shareholders on June 7, 2022.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ALVOTECH HOLDING'S S.A.

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To the Board of Directors of
Alvotech Holdings S.A.

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alvotech Holdings S.A. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 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 Law of 23 July 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 consolidated financial statements" 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 consolidated financial statements, 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.

Deloitte.

Emphasis of matter

We draw attention to Note 1.4 in the consolidated financial statements, which indicates that, the Company incurred recurring losses since its inception, including net losses of $101.5 million and $170.0 million for the years ended 31 December 2021 and 2020, respectively, and had an accumulated deficit of $1,140.5 million as of 31 December 2021. Management is confident that financing of the Group during the development of its biosimilar products will come from several sources including new and existing out-license contracts with customers, shareholder equity and shareholder and third party debt financing. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Endorsement by the Board of Directors but does not include the consolidated financial statements and our report of the "*réviseur d'entreprises agréé"* thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, 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 for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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.

Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 Law of 23 July 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 consolidated financial statements.

Deloitte.

As part of an audit in accordance with the Law of 23 July 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 consolidated financial statements, 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 consolidated financial statements 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 consolidated financial statements, including the
disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*
Nick Tabone, *Réviseur d'entreprises agréé*
Partner

25 March 2022

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

USD in thousands, except for per share amounts	Notes	2021	2020
Revenue	5	36,772	66,616
Other income	5	2,912	2,833
Research and development expenses		(191,006)	(148,072)
General and administrative expenses		(84,134)	(58,914)
Operating loss		(235,456)	(137,537)
Share of net loss of joint venture	23	(2,418)	(1,505)
Finance income	7	51,568	5,608
Finance costs	7	(117,361)	(161,551)
Exchange rate difference		2,681	3,215
Gain on extinguishment of financial liabilities	18	151,788	-
Non-operating profit / (loss)		86,258	(154,233)
Loss before taxes		(149,198)	(291,770)
Income tax benefit / (expense)	9	47,694	121,726
Loss for the year		(101,504)	(170,044)
Other comprehensive income / (loss)			
Item that will be reclassified to profit or loss in subsequent periods:			
Exchange rate differences on translation of foreign operations		(305)	5,954
Total comprehensive loss		(101,809)	(164,090)

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Financial Position as of 31 December 2021 and 2020

USD in thousands	Notes	31 December 2021	31 December 2020
Non-current assets			
Property, plant and equipment	10	78,530	68,319
Right-of-use assets	11	126,801	108,646
Goodwill	12	12,367	13,427
Other intangible assets	13	21,509	6,335
Contract assets	5	1,479	2,190
Investments in joint venture	23	55,307	56,679
Other long-term assets		1,663	715
Restricted cash	14	10,087	10,087
Deferred tax assets	9	170,418	121,864
Total non-current assets		478,161	388,262
Current assets			
Inventories	15	39,058	9,646
Trade receivables	5	29,396	583
Contract assets	5	17,959	32,534
Other current assets	16	14,736	11,322
Receivables from related parties	21	1,111	387
Cash and cash equivalents	14	17,556	31,689
Total current assets		119,816	86,161
Total assets		597,977	474,423

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Financial Position as of 31 December 2021 and 2020

USD in thousands	Notes	31 December 2021	31 December 2020
Equity			
Share capital	17	135	73
Share premium	17	1,000,118	166,740
Translation reserve		4,669	4,974
Accumulated deficit		(1,140,534)	(1,039,030)
Total equity		(135,612)	(867,243)
Non-current liabilities			
Borrowings	18	398,140	565,396
Derivative financial liabilities	24	-	534,692
Other long-term liability to related party	2	7,440	7,440
Lease liabilities	11	114,845	103,474
Long-term incentive plan	19	56,334	40,593
Contract liabilities	5	44,844	38,874
Deferred tax liability	9	150	217
Total non-current liabilities		621,753	1,290,686
Current liabilities			
Trade and other payables	15	28,587	11,959
Lease liabilities	11	7,295	5,473
Current maturities of borrowings	18	2,771	2,503
Liabilities to related parties	21	638	367
Contract liabilities	5	29,692	14,192
Taxes payable		841	69
Other current liabilities	22	42,012	16,416
Total current liabilities		111,836	50,979
Total liabilities		733,589	1,341,665
Total equity and liabilities		597,977	474,422

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Cash Flows for the years ended 31 December 2021 and 2020

USD in thousands

	Notes	2021	2020
Cash flows from operating activities			
Loss for the year		(101,504)	(170,044)
Adjustments for non-cash items:			
Long-term incentive plan	6	17,955	18,053
Depreciation and amortization	8	18,196	16,419
Impairment of property, plant and equipment	10	2,092	2,142
Impairment of other intangible assets	13	3,993	-
Share of net loss of joint venture	23	2,418	1,505
Finance income	7	(51,568)	(5,608)
Finance costs	7	117,361	161,551
Gain on extinguishment of financial liabilities	18	(151,788)	-
Exchange rate difference		(2,681)	(3,215)
Income tax benefit / (expense)	9	(47,694)	(121,726)
Operating cash flow before movement in working capital		(193,220)	(100,923)
Increase in inventories		(29,412)	(3,255)
Decrease / (increase) in trade receivables		(28,813)	21,771
Increase / (decrease) in liabilities with related parties		(453)	1,674
Decrease / (increase) in contract assets		15,286	(11,667)
Increase in other assets		(4,363)	(7,383)
Increase in trade and other payables		14,318	227
Increase in contract liabilities		21,470	24,019
Increase / (decrease) in other liabilities		5,160	8,772
Cash used in operations		(200,027)	(66,765)
Interest received		16	212
Interest paid		(28,004)	(6,054)
Income tax paid		(155)	(248)
Net cash used in operating activities		(228,170)	(72,855)
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(20,462)	(9,313)
Disposal of property, plant and equipment	10	-	79
Acquisition of intangible assets	13	(20,171)	(4,109)
Investment in joint venture	23	-	(5,000)
Net cash used in investing activities		(40,633)	(18,343)
Cash flows from financing activities			
Redemption and repayments of borrowings	18	(37,496)	(2,896)
Repayments of principal portion of lease liabilities	11	(7,350)	(6,087)
Proceeds from new borrowings	18	113,821	30,000
Proceeds on issue of equity shares		185,856	34,385
Net cash generated from financing activities		254,831	55,402

Increase / (decrease) in cash and cash equivalents		(13,972)	(35,796)
Cash and cash equivalents at the beginning of the year	14	31,689	67,403
Effect of movements in exchange rates on cash held		(161)	82
Cash and cash equivalents at the end of the year	14	17,556	31,689

Supplemental cash flow disclosures (Note 25)

The accompanying notes are an integral part of these Consolidated Financial Statement

Consolidated Statements of Changes in Equity for the years ended 31 December 2021 and 2020

USD in thousands	Share Capital	Share premium	Translation reserve	Accumulated deficit	Total equity
At 1 January 2020	69	102,359	(980)	(868,986)	(767,538)
Loss for the year	-	-	-	(170,044)	(170,044)
Foreign currency translation differences			5,954		5,954
Other comprehensive income			5,594	(170,044)	(164,090)
Increase in share capital	4	64,381			64,385
At 31 December 2020	73	166,740	4,974	(1,039,030)	(867,243)
Loss for the year				(101,504)	(101,504)
Foreign currency translation difference			(305)		(305)
Other comprehensive loss			(305)	(101,504)	(101,809)
Increase in share capital	62	833,378			833,440
At 31 December 2021	135	1,000,118	4,669	(1,140,534)	(135,612)

1. General information

Alvotech Holdings S.A. (the "Parent" or the "Company") is a Luxembourg public limited company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Trade and Companies' Register under number B 229193. The Company was incorporated on 2 November 2018. These Consolidated Financial Statements were approved by the Group's Board of Directors, and authorized for issue, on 24 March 2022.

The Company and its subsidiaries (collectively referred to as the "Group") are a global biopharmaceutical company dedicated to becoming one of the leaders in the biosimilars monoclonal antibodies market. The Group has biosimilar molecules in development and operates in a new state-of-the-art manufacturing plant for development and commercial supply.

1.1 *Information about subsidiaries and joint ventures*

Entity Name	Principal Activity	Issued and paid capital	Place of establishment	Proportion of ownership and voting power held by Alvotech	
				31.12.2021	31.12.2020
Alvotech hf	Biopharm.	3,682,056	Iceland	100.00%	100.00%
Alvotech Germany GmbH	Biopharm.	31,182	Germany	100.00%	100.00%
Alvotech Swiss AG	Biopharm.	153,930	Switzerland	100.00%	100.00%
Alvotech Hannover GmbH	Biopharm.	29,983	Germany	100.00%	100.00%
Alvotech Malta Ltd	Group Serv.	80,450	Malta	100.00%	100.00%
Alvotech USA Inc	Biopharm.	10	USA	100.00%	100.00%
Alvotech UK Ltd	Group Serv.	135	UK	100.00%	100.00%
Changchun Alvotech Bioph. Co. Ltd*	Biopharm.	110,000,021	China	50.00%	50.00%

*Changchun Alvotech Biopharmaceutical Co., Ltd. is an unconsolidated joint venture (see Note 23).

1.2 *Information about shareholders*

Significant shareholders of the Company are Aztiq Pharma Partners S.à r.l. (Aztiq) and Alvogen Lux Holdings S.à r.l. (Alvogen), with 45.1% and 39.5% ownership interest as of 31 December 2021, respectively. The remaining 15.4% ownership interest is held by various entities, with no single shareholder holding more than 2.4% ownership interest as of 31 December 2021.

Aztiq and Alvogen held 62.6% and 27.8% ownership interest as of 31 December 2020, respectively. The remaining 9.6% ownership interest was held by various entities, with no single shareholder holding more than 3.8% ownership interest as of 31 December 2020.

1.3 *Impact of COVID-19*

With the ongoing COVID-19 pandemic, the Group created a COVID-19 task force which worked on implementing a business continuity plan to address and mitigate the impact of the pandemic on the Group's business and operations across the sites. As a result, in the short-term, the pandemic has not had a material impact on the Group's financial condition, results of operations, the timelines for biosimilar product development, expansion efforts or the Group's operations as a whole. Furthermore, the Group does not currently anticipate that the pandemic will have a prospective material financial or operational impact. However, the extent to which the pandemic will impact the Group's business, biosimilar product development and expansion efforts, corporate development objectives and

the value of and market for the Group's ordinary shares will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate direction of the pandemic, travel restrictions, quarantines, social distancing, business closure requirements and the effectiveness of other actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global supply chains and distribution systems, the effects of this on the work of appropriate regulatory authorities in different regions and the other risks and uncertainties associated with the pandemic could have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

1.4 *Going Concerns*

The Group has primarily funded its operations with proceeds from the issuance of ordinary shares and the issuance of loans and borrowings to both related parties and third parties. The Group has also incurred recurring losses since its inception, including net losses of $101.5 million and $170.0 million for the years ended 31 December 2021 and 2020, respectively, and had an accumulated deficit of $1,140.5 million as of 31 December 2021. The Group has not generated positive operational cash flow, largely due to the continued focus on biosimilar product development and expansion efforts. As of 31 December 2021, the Group had cash and cash equivalents, excluding restricted cash, of $17.6 million and current assets less current liabilities of $8.0 million. Furthermore, while the COVID-19 pandemic has not and is not expected to have a material financial or operational impact on the Group, the pandemic may significantly impact the Group's business, biosimilar product development and expansion efforts, corporate development objectives and the value of and market for the Group's ordinary shares. In light of these conditions and events, management evaluated whether there is substantial doubt about the Group's ability to continue as a going concern within one year after the date that the Consolidated Financial Statements are issued.

The Group expects to continue to source its financing during the development of its biosimilar products from new and existing out-license contracts with customers, shareholder equity and shareholder and third party debt financing. In February and March 2022, Alvotech received $15.0 million from both Alvogen and Aztiq pursuant to interest free loan advances provided by both related parties (see Note 26). Throughout 2022, up to the issuance date of these Consolidated Financial Statements, the Group received $30.6 million in milestone payments pursuant to its out-license contracts with customers. However, even with the aforementioned cash received during 2022, management has determined that there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

However, the Group is seeking to merge with Oaktree Acquisition Corp II ("OACB") (see Note 26). In the event the Group does not complete this business combination, the Group expects to seek additional funding through an initial public offering (IPO) of its ordinary shares, private equity financings, debt financings or other capital sources.

As such, the Consolidated Financial Statements have been prepared on a going concern basis. However, although management continues to pursue these plans, there is no assurance that the Group will be successful in obtaining sufficient funding on terms acceptable to the Group 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 Group'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 Group's ability to continue as a going concern.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The Consolidated Financial Statements of the Group have been prepared in accordance and in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), which comprise all standards and interpretations approved by the IASB.

All amendments to IFRSs issued by the IASB that are effective for annual periods that begin on or after 1 January 2021 have been adopted as further described within the footnotes to the Consolidated Financial Statements. The Group has not adopted any standards or amendments to standards in issue that are available for early adoption.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Consolidated Financial Statements are presented in U.S. Dollar (USD) and all values are rounded to the nearest thousand unless otherwise indicated.

As part of the public company uplift procedures, the historical operating expense presentation has been reconsidered and management intends to collapse Manufacturing and Quality expenses into the R&D caption on the income statement, thereby resulting in two operating expense captions: R&D and G&A . This conclusion is based upon review of authoritative guidance and literature as well as review of public company peers in the industry. Comparatives have been changed accordingly.

2.2 *Basis of Consolidation*

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

All intra-group transactions, balances, income and expenses are eliminated in full in consolidation.

2.3 *Investments in joint ventures*

To the extent the Group concludes that it does not control, and thus consolidate, a joint venture, the Group accounts for its interest in joint ventures using the equity method of accounting. As such, investments in a joint venture are initially recognized at cost and the carrying amount is subsequently adjusted for the Group’s share of the profit or loss of the joint venture, as well as any distributions received from the joint venture. The Group carries its ownership interest in a joint venture as “Investment in joint venture” on the consolidated statements of financial position. The Group’s profit or loss includes its share of the profit or loss of the joint venture and, to the extent applicable, other

comprehensive income or loss for the Group includes its share of other comprehensive income or loss of the joint venture. The Group's share of a joint venture's profit or loss in a particular year is presented as "Share of net loss of joint venture" in the consolidated statements of profit or loss and other comprehensive income or loss.

The carrying amount of equity-accounted investments is assessed for impairment as a single asset. Impairment losses are incurred only if there is objective evidence of impairment as a result of loss events that have an impact on estimated future cash flows and that can be reliably estimated. Losses expected as a result of future events are not recognized. The Group did not recognize any impairment losses related to its investment in the joint venture for the years ended 31 December 2021 and 2020.

Refer to Note 23 for additional information regarding the Group's joint venture as of 31 December 2021 and 2020 and for the years ended 31 December 2021 and 2020.

2.4 *Critical accounting judgments and key sources of estimation uncertainty*

The preparation of the Consolidated Financial Statements in conformity with IFRS requires Group management to make judgments, estimates and assumptions about the reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources.

The estimates and associated assumptions are based on information available when the Consolidated Financial Statements are prepared, historical experience and other factors that are considered to be relevant. Judgments and assumptions involving key estimates are primarily made in relation to the measurement and recognition of revenue (as described in Note 2.6 and Note 5), the valuation of derivative financial liabilities (as described in Note 2.18 and Note 24), the valuation of management share appreciation rights (SARs) (as described in Note 2.18 and Note 19), the valuation of deferred tax assets (as described in Note 2.14 and Note 9), the determination of incremental borrowing rates and the length of lease terms used to measure the Group's right-of-use assets and lease liabilities (Note 11), and the determination of the carrying amounts of long-lived assets, including property, plant and equipment (as described in Note 2.15 and Note 10), goodwill (as described in Note 2.13 and Note 12) and other intangible assets (as described in Note 2.13 and Note 13). Apart from those involving estimations, critical accounting judgments include the Group's evaluation as to whether it controls its joint venture in China (as described in Note 2.3 and 23) and material uncertainties with respect to the Group's going concern assessment (as described in Note 1.4).

Existing circumstances and assumptions may change due to events arising that are beyond the Group's control. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 *Segment reporting*

The Group operates and manages its business as one operating segment based on the manner in which the Chief Executive Officer, the Group's chief operating decision maker, assesses performance and allocates resources across the Group.

2.6 *Revenue recognition*

Out-licensing revenue

Revenue from contracts with customers is recognized when or as control of goods or services is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for

those goods and services.

The majority of the Group's revenue is generated from long-term out-license contracts which provide the customer with an exclusive right to market and sell products in a particular territory once such products are approved for commercialization. These contracts typically include the Group's promises to continue development of the underlying compound and to provide supply of the product to the customer upon commercialization. The Group concludes that the license, development services and commercial supply are separate performance obligations. This is because customers generally have the capabilities to perform the necessary development, manufacturing and commercialization activities on their own or with readily available resources and have the requisite expertise in the industry and the territory for which the license has been granted. Further, the intellectual property is generally in a later phase of development at the time the license is granted such that any subsequent development activities performed by the Group are not expected to significantly modify or transform the intellectual property. The fact that the Group is contractually obligated to perform development activities for and provide commercial supply to the customer does not impact this conclusion. The Group's promise to provide commercial supply to its customers is contingent upon the achievement of regulatory approval in the particular territory for which the license has been granted.

The consideration to which the Group is entitled pursuant to these contracts generally includes upfront payments and payments based upon the achievement of development and regulatory milestones. All contracts include a potential refund obligation whereby the Group must refund the consideration paid by the customer in the event of a technical failure or the occurrence of certain other matters that result in partial or full cancellation of the contract. As such, the entire transaction price is comprised of variable consideration, which is estimated using the most likely amount method due to the binary nature of the outcomes under these contracts. Such variable consideration is included in the transaction price only when it is highly probable that doing so will not result in a significant reversal of cumulative revenue recognized when the underlying uncertainty associated with the variable consideration is subsequently resolved. The Group does not account for a significant financing component since a substantial amount of consideration promised by the customer is variable and the amount or timing of that consideration varies on the basis of a future event that is not substantially within the control of either party. Certain contracts also include commercialization milestones upon the first commercial sale of a product in a particular territory, as well as royalties. Commercialization milestones and royalties are accounted for as sales-based royalties; therefore, such amounts are not included in the transaction price and recognized as revenue until the underlying sale that triggers the milestone or royalty occurs.

Upfront payments, when applicable, are received in advance of transferring control of all goods and services. Therefore, a portion of upfront payments is recorded as a contract liability upon receipt. Due to the existence of refund provisions, upfront payments and certain development milestone payments are generally included in the transaction price upon submission of the first clinical trial application to the respective regulatory agency, since it is at this point in time that a significant reversal of cumulative revenue recognized related to such payments is no longer highly probable. Other development and regulatory milestones may not be included in the transaction price until such milestones are achieved due to the degree of uncertainty associated with achieving these milestones. Contract liabilities are presented on the consolidated statements of financial position as either current or non-current based upon forecasted performance. In certain contracts, the Group may transfer control of goods and services, and thus recognize revenue, prior to having the right to invoice the customer. In these circumstances, the Group recognizes contract assets for revenue recognized, and subsequently reclasses the contract asset to trade receivables upon issuing an invoice and the right to consideration is only conditional on the passage of time. Contract assets are presented on the consolidated statements of financial position as either current or non-current based upon the expected timing of settlement.

The standalone selling prices of the development services and the license to intellectual property are not directly observable and, therefore, are estimated. The standalone selling price of the development services is estimated based on the expected costs to be incurred during the development period, using various data points such as the underlying development budget, contractual milestones and performance completed at the time of entering into the contract with a customer. The standalone selling price of the license is estimated using the residual approach on the

basis that the Group licenses intellectual property for a broad range of amounts and has not previously licensed intellectual property on a standalone basis. Therefore, the Group first allocates the transaction price to the development services and subsequently allocates the remainder of the transaction price to the license.

The standalone selling price of the commercial supply is directly observable and the stated prices in the Group's supply contracts reflect the standalone selling price of such goods.

The licenses to intellectual property are right of use licenses on the basis that the ongoing development work performed by the Group does not significantly affect the intellectual property to which the customer has rights. Therefore, control of the license transfers to the customer at the point in time when the right to use the license is granted to the customer. The license is generally granted to the customer at the time the contract is executed with the customer.

The Group satisfies its performance obligation related to the development services over time as the Group's performance enhances the value of the licensed intellectual property controlled by the customer throughout the performance period. The Group recognizes revenue using a cost-based input measure since this measure best reflects the progress of the development services and, therefore, the pattern of transfer of control of the services to the customer. In certain instances, the Group may subcontract services to other parties for which the Group is ultimately responsible. Costs incurred for such subcontracted services are included in the Group's measure of progress for satisfying its performance obligation. Changes in the total estimated costs to be incurred in measuring the Group's progress toward satisfying its performance obligation may result in adjustments to cumulative revenue recognized at the time the change in estimate occurs.

Upon the achievement of regulatory approval and the commencement of commercial sale of its products, the Group will satisfy its performance obligation related to commercial supply at the point in time when control of the manufactured product is transferred to the customer. Transfer of control for such goods will occur in accordance with the stated shipping terms.

The Group does not incur incremental costs of obtaining a contract with a customer that would require capitalization. Costs to fulfill performance obligations are not incurred in advance of performance and, as such, are expensed when incurred.

Other revenue

Other revenue primarily consists of clinical trial support services rendered by the Group for its customers, which is recognized as the service is provided. Revenue for such services is presented in the consolidated statements of profit or loss and other comprehensive income or loss net of any discounts.

2.7 *Other income*

Other income is generated from support service arrangements with certain related parties, as further described in Note 21. Support services performed by the Group include finance, administrative, legal and human resource services.

2.8 *Research and development expenses*

Research and development expenses primarily consist of personnel costs, material and other lab supply costs, facility costs and internal and external costs related to the execution of studies and other development program advancement initiatives. Such expenses also include costs incurred in preparation for commercial launch, such as designing and developing commercial-scale manufacturing capabilities and processes, quality control processes, production asset validation and other related activities. The costs also include amortization, depreciation and impairment losses related to software, property, plant and equipment, and right-of use assets used in research and

development activities and pre-commercial manufacturing and quality control activities.

An internally generated intangible asset arising from the Group's development is recognized only if the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intent to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the aforementioned recognition criteria. If an internally-generated intangible asset cannot be recognized, the related development expenditure is charged to profit or loss in the period in which it is incurred.

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, the Group did not capitalize any research and development expenses as internally-developed intangible assets during the years ended 31 December 2021 and 2020.

2.9 *General and administrative expenses*

General and administration expenses primarily consist of personnel-related costs, including salaries and other related compensation expense, for corporate and other administrative and operational functions including finance, human resources, information technology and legal, as well as facility-related costs. These costs relate to the operation of the business and are not related to research and development initiatives.

Expenditures related to general and administration activities are recognized as an expense in the period in which they are incurred.

2.10 *Finance income and finance cost*

Finance income consists of changes in the fair value of derivative financial liabilities and interest income. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition..

Finance cost consists of changes in the fair value of derivative financial liabilities, interest expense related to lease liabilities and borrowings, accretion of borrowings and amortization of deferred debt issue costs.

2.11 *Foreign currency translation*

The Consolidated Financial Statements are presented in U.S. Dollars, which is the Group's presentation currency. The Group maintains the financial statements of each entity within the group in its respective functional currency. The majority of the Group's expenses are incurred in U.S. Dollar and Icelandic Krona, and the majority of the Company's cash and cash equivalents are held in a combination of U.S. Dollars and Euros. Transactions in currencies other than the Group's presentation currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Exchange differences arising on translation of a foreign controlled subsidiary are recognized in other comprehensive income or loss and accumulated in a translation reserve within equity. The cumulative translation amount is reclassified to profit or loss if and when the net investment in the foreign controlled subsidiary is disposed.

2.12 *Fair value measurements*

The Group measures certain financial liabilities at fair value through profit or loss (FVTPL) each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair values of such financial liabilities, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- Level 1: quoted prices in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (e.g., prices) or indirectly (e.g., derived from prices); and
- Level 3: inputs for the asset or liability that are unobservable.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, other current assets, contract assets, trade and other payables and accrued and other liabilities in the Group's consolidated statements of financial position approximate their fair value because of the short maturities of these instruments.

For liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing the inputs used in determining fair value at the end of each reporting period.

2.13 *Goodwill and other intangible assets*

Goodwill

Acquisitions are first reviewed to determine whether a set of assets acquired constitute a business and should be accounted for as a business combination. If the assets acquired do not meet the definition of a business, the Group will account for the transaction as an asset acquisition. If the definition of a business combination is met, the Group will account for the transaction using the acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in the consolidated statements of profit or loss and other comprehensive income or loss as incurred.

Goodwill represents the excess of the purchase price of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree. Goodwill is reviewed for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use calculation is performed using discounted expected future cash flows. The discount rate applied to these cash flows is based on the weighted average cost of capital and reflects current market assessments of the time value of money.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or as additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the

acquisition date that, if known, would have affected the amounts recognized at that date.

The Group did not complete any business combinations during the years ended 31 December 2021 and 2020.

Other intangible assets

Other intangible assets consist of software, customer relationships, and intellectual property rights licensed from Biosana (see Note 2.18). Intangible assets acquired in a business combination are identified and recognized separately from goodwill if they satisfy the definition of an intangible asset and their fair values can be reliably measured. The cost of intangible assets is their fair value at the acquisition date.

Intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over an asset's estimated useful life. The estimated useful life and amortization method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The following useful lives are used in the calculation of amortization:

Software	3-5 years
Customer relationships	7 years
Intellectual property rights	15 years

2.14 ***Income tax***

Income tax includes the current tax and deferred tax charge recorded in the consolidated statements of profit or loss and other comprehensive income or loss.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Accruals for tax contingencies are made when it is not probable that a tax authority will accept the tax position, based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Accruals for tax contingencies are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty.

Deferred tax

Deferred tax is provided in full for all temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit, except to the extent the temporary difference arises from:

- The initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither the taxable profit nor accounting profit;
- The initial recognition of residual goodwill (for deferred tax liabilities only); or
- Investments in subsidiaries, branches, associates and joint ventures, where the Group is able to control the timing of the

reversal of the temporary difference and it is not probable that it will reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of the assets and liabilities.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the consolidated statement of profit or loss and other comprehensive income or loss, except when the tax arises from a business combination or it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis in that taxation authority.

2.15 ***Property, plant and equipment***

Property, plant and equipment is recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. Property, plant and equipment which qualifies for recognition as an asset are initially measured at cost.

The cost of property, plant and equipment includes an asset's purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is calculated and recognized as an expense on a straight-line basis over an asset's estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The following useful lives are used in the calculation of depreciation:

Facility equipment	5-12 years
Computer equipment	3 years
Leasehold improvements	3-20 years
Furniture and fixtures	5 years

Certain of the Group's property, plant and equipment assets have been pledged to secure borrowings as further described in Note 18. Significant disposals of pledged assets are subject to lender approval. Upon disposal or retirement of an asset, the difference between the sales proceeds, if applicable, and the carrying amount of the asset is recognized in the consolidated statements of profit or loss and other comprehensive income or loss at the time of disposal or retirement.

At the end of each reporting period, or sooner if events triggering an interim impairment assessment occur, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that the value of such assets are impaired. Triggering events that warrant an interim impairment assessment include, but are not limited to, the technical obsolescence of equipment or failure of such equipment to meet regulatory requirements. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount, which is the higher of fair value less costs of disposal and value in use.

2.16 ***Inventories***

Inventories, which consist of raw materials and supplies in preparation for commercial scale manufacturing, are stated at the lower of cost or net realizable value. Net realizable value is the expected sales price less completion costs and costs to be incurred in marketing, selling and distributing the inventory. Cost is determined using the first-in, first-out method.

Inventories include direct costs for raw materials and supplies and, as applicable, direct and indirect labor and overhead expenses that have been incurred to bring inventories to their present location and condition. The Group does not have finished goods as it had not yet commenced full scale commercial manufacturing activities as of 31 December 2021. See Note 15 for further details.

If the net realizable value is lower than the carrying amount, a write-down of inventory is recognized for the amount by which the carrying amount exceeds net realizable value. During the years ended 31 December 2021 and 2020, write-down of inventories amounted to $1.2 million and $1.3 million, respectively, due to product expiration. There were no reversals of inventory write- downs during the years ended 31 December 2021 and 2020.

The Group does not pledge inventories as collateral to secure its liabilities.

2.17 ***Financial assets***

Recognition of financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, other than financial assets measured at FVTPL, are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss. There were no transaction costs related to the acquisition of financials assets in 2021 and 2020. All of the Group's financial assets are measured at amortized cost as of 31 December 2021 and 2020.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortized cost are trade receivables, other current assets, receivables from related parties, restricted cash and cash and cash equivalents.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on its trade receivables and other debt instruments that are measured at amortized cost. In addition, although contract assets are not financial assets, a loss allowance for ECL are also recognized for such assets. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecasted direction of conditions at the reporting date, including time value of money where appropriate.

The Group writes off a financial asset when there is no reasonable expectation of recovery, such as information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. A trade receivable or contract asset that is considered uncollectible is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. The Group did not write off any trade receivables or contract assets during the years ended 31 December 2021, 2020 and 2019.

The Group estimates impairment for related party receivables on an individual basis. No impairment is recognized for restricted cash or cash and cash equivalents as management has estimated that the effects of any calculated ECL would be immaterial.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset as well as an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income or loss and accumulated in equity is recognized in profit or loss.

2.18 ***Financial liabilities***

Financial liabilities

The Group's financial liabilities consist of trade and other payables, loans and borrowings, lease liabilities, derivative financial instruments, long-term incentive plans, share appreciation right plans and other long-term liability to a related party. All financial liabilities are initially measured at fair value. Loans and borrowings are recorded net of directly attributable transaction costs and less the value attributable to any embedded derivative financial instruments, if applicable.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. Additionally, management elected, as part of its accounting policy, to recognize the difference between the carrying amount of the financial liabilities and the fair value of the consideration paid for the extinguishment in the consolidated statement of profit or loss and other comprehensive income or loss.

Financial liabilities subsequently measured at amortized cost

After initial recognition, financial liabilities other than derivative financial instruments, other long-term liability to a related party and awards issued pursuant to long-term incentive plans are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts all estimated future cash payments through the expected life of the financial liability, or a shorter period if appropriate, to the amortized cost of a financial liability. The effective interest rate includes the effects of any discount or premium on acquisition of the financial liability, as well as any fees or costs incurred upon acquisition.

Financial liabilities subsequently measured at FVTPL

Derivative financial instruments

Certain rights and features pursuant to borrowing arrangements and other contracts may provide the counterparty with one or more financial instruments that need to be evaluated and potentially accounted for separately by the Group. These financial instruments are either embedded in a host instrument or are treated as a separate financial instrument if they are contractually transferable independent from the host instrument. Such rights and features pursuant to the Group's contracts with both third parties and related parties include equity conversion rights, warrant rights and funding rights

Equity conversion features within host debt instruments that meet the definition of a derivative and have economic and risk characteristics that are not closely related to the host instrument are embedded derivatives that are separated from the host instrument and accounted for separately. Warrant rights that provide the holder with an option to purchase ordinary shares at a specified price or pursuant to a specified formula are generally separate derivative financial instruments that are accounted for separately. Funding rights that grant the holder with an option to provide financing to the Group through the issuance of a convertible loan or through the purchase of ordinary shares at a specified price or pursuant to a specified formula are generally separate derivative financial instruments that are accounted for separately. In the event that the fair value of any derivative liabilities, determined using unobservable inputs, exceeds the transaction price of a borrowing arrangement, the Group records a deferred loss at the inception of the borrowing arrangement for the difference between the fair value of the derivative liabilities and the transaction price of the borrowing arrangement. Such deferred losses are recognized over the term of the related borrowing arrangement using the straight-line method of amortization. The deferred loss is netted against derivative financial liabilities on the consolidated statements of financial position. Amortization of the deferred loss is recognized as a component of "Finance costs" in the consolidated statements of profit or loss and other comprehensive income or loss.

The Group recognized embedded derivative liabilities related to the equity conversion features within the convertible bonds and convertible shareholder loans, as further described in Note 18. The Group also recognized derivative liabilities related to the warrant rights and funding rights within the convertible shareholder loans, as further described in Note 18. Such rights are exercisable at the option of the holder at any time prior to a specified number of days before an IPO of equity securities by the Group or the maturity date of the host instrument, depending on the particular instrument. These features are liability-classified, rather than equity-classified, because the Group is obligated to issue a variable number of ordinary shares to the holder upon conversion or exercise of the feature. Therefore, these derivative liabilities were initially recorded at fair value and remeasured to fair value at each reporting period with gains and losses arising from changes in the fair value recognized in finance income

or finance costs, as appropriate.

The fair values of the derivative liabilities were determined using an option pricing based approach that incorporated a range of inputs that are both observable and unobservable in nature. The unobservable inputs used in the initial and subsequent fair value measurements for the equity conversion rights, warrant rights and funding rights predominantly relate to (i) the fair value of the Group's ordinary shares, (ii) the volatility of the Group's ordinary shares, (iii) a risky discount rate corresponding to the credit risk associated with the repayment of the host debt instruments, and (iv) the probabilities of each derivative being exercised by the holder and the timing of such exercises. The probabilities are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The Group will derecognize any derivative liabilities if and when the rights are exercised by the holders or the time period during which the rights can be exercised expires.

Other long-term liability to related party

The Group's other long-term liability to a related party arose from its acquisition of rights for the commercialization of the Group's biosimilar Adalimumab product in certain territories in Asia from Lotus Pharmaceutical Co. Ltd., a related party, during the year ended 31 December 2020. Pursuant to the terms of the asset acquisition, the Group made an upfront payment of $1.9 million and is required to pay $7.4 million upon the commercial launch of Adalimumab in China. The Group concluded that the event triggering future payment is probable and, as such, recorded the full amount of the liability as a non-current liability in the consolidated statements of financial position as of 31 December 2021 and 2020. The upfront payment and contingent payment amounts were charged to "Research and development expense" in the consolidated statements of profit or loss and other comprehensive income or loss.

Other current liabilities

In December 2021, Alvotech entered into an exclusive global licensing agreement with BiosanaPharma (Biosana) for the co- development of AVT23. Under the terms of the agreement, Biosana granted Alvotech an exclusive global right for AVT23, which will be produced using Biosana's proprietary process technology. In exchange, Alvotech made an upfront payment of $7.5 million upon the signing of the agreement (the "upfront payment"), with an additional $7.5 million due at the earlier of the closing of the Business Combination (see Note 26) or 30 April 2022 (the "deferred upfront payment"). In addition, Alvotech may be obligated to pay Biosana up to an aggregate of $13.5 million, payable upon the achievement of various development and regulatory milestones, as well as certain tiered royalty payments based on commercial sales of AVT23. The agreement terminates 15 years after the launch of AVT23 and is subject to certain customary termination rights.

The Group concluded that the deferred upfront payment is probable and, as such, recorded the full amount of the liability in "Other current liabilities" on the consolidated statement of financial position as of 31 December 2021. The upfront payment and the deferred upfront payment amounts were capitalized as other intangible assets in the consolidated statement of financial position and will be amortized over the useful life of 15 years. The Group will accrue the additional contingent payments if and when the related milestones and other contingencies are deemed probable of being achieved.

Long-term incentive plans

Share appreciation rights

The Group issued to certain current and former employees share appreciation rights (SARs) that require settlement in connection with the occurrence of specified, future triggering events. Grants occurred from 2015 through 2020. The awards include a combination of vesting conditions, such as service and performance conditions, as well as non-vesting conditions depending on the particular award. The individuals retain their vested awards upon

termination of employment with the Group. Settlement amounts are determined by the change in the Group's market value from the grant date of the SAR until the triggering events occur. The SARs do not expire at a specific date.

Pursuant to the terms of the SAR agreements, management determined that the Group cannot avoid paying cash to settle the awards and, therefore, SARs are liability-classified in the consolidated statements of financial position. Accordingly, SARs are recorded at fair value and are subsequently remeasured each reporting period with the change in fair value reflected as a gain or loss in the consolidated statements of profit or loss and other comprehensive income or loss, as appropriate. The fair value of the SARs is determined using the Black-Scholes-Merton pricing model.

Employee incentive plan

The Group also sponsors an employee incentive plan for certain qualifying employees. Under the plans, such employees are entitled to cash payments upon achievement of key milestones, such as a research and development milestone or the occurrence of an exit event. The awards include a combination of vesting conditions, such as service and performance conditions, as well as non- vesting conditions depending on the particular award. Since the Group cannot avoid paying cash to settle the awards, the employee incentive plan is liability-classified in the consolidated statements of financial position. Accordingly, awards issued pursuant to the employee incentive plan are recorded at fair value and are subsequently remeasured each reporting period with the change in fair value reflected as a gain or loss in the consolidated statements of profit or loss and other comprehensive income or loss, as appropriate. Employee incentive plan liabilities are presented as either current or non-current on the consolidated statements of financial position based on the anticipated timing of settlement.

The fair value of the employee incentive plan awards is determined by estimating the probability of success in reaching the specified milestones and other levers, such as the anticipated timing of potential milestone achievement.

2.19 ***Litigation and other contingencies***

The Group may, from time to time, become involved in legal proceedings arising out of the normal course of its operations. For instance, as a developer and manufacturer of biosimilars, the Group may be subject to lawsuits alleging patent infringement or other similar claims made by patent-protected pharmaceutical developers and manufacturers. Similarly, the Group may utilize patent challenge procedures to challenge the validity, enforceability or infringement of the originator's patents. The Group may also be involved in patent litigation involving the extent to which its products or manufacturing process techniques may infringe other originator or third party patents.

The Group establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. When such conditions are not met for a specific legal matter, no reserve is established. Although management currently believes that resolving claims against the Group, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Group, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. It is possible that an unfavorable outcome of a lawsuit or other contingency could have a material impact on the liquidity, results of operations, or financial condition of the Group.

Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount of loss can be reasonably estimated. Accruals are based only on information available at the time of the assessment, due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Group's results of operations in a given period.

The Group maintains liability insurance coverages for various claims and exposures. The Group's insurance coverage limits its maximum exposure on claims; however, the Group is responsible for any uninsured portion of losses. Management believes that present insurance coverage is sufficient to cover potential exposures.

2.20 *Leases*

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for those with a lease term of twelve months or less and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group's leased assets consist of various real estate, fleet and equipment leases.

Right-of-use assets reflect the initial measurement of the lease liability, lease payments made at or before the lease commencement date and any initial direct costs less lease incentives that may have been received by the Group. These assets are subsequently measured at cost less accumulated depreciation, impairment losses and remeasurements of the underlying lease liability. Right-of- use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group or the lease includes a purchase option that the Group is reasonably certain to exercise, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, which is the rate of interest that the Group would need to pay to borrow, on a collateralized basis, an amount equal to the lease payments over a similar term in a similar economic environment based on information available at the commencement date of the lease. The lease payments included in the measurement of the lease liability comprise fixed payments (including in- substance fixed payments) less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the exercise price of purchase options reasonably certain to be exercised by the Group.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method, and by reducing the carrying amount to reflect payments made during the lease term. The Group remeasures the lease liability if the lease term has changed, when lease payments based on an index or rate change or when a lease contract is modified and the modification is not accounted for as a separate lease.

Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of- use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, lessees are not required to separate non-lease components from lease components, and instead account for any lease and associated non-lease components as a single lease component. The Group has used this practical expedient.

2.21 *Loss per Share*

Holders of the Group's Class A and Class B ordinary shares have the same rights to share in profits and receive dividends. Accordingly, the Group has one class of ordinary shares for purposes of calculating loss per share.

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding during the period.

3. New accounting standards

New standards and interpretations adopted and effective during the periods

The following new IFRS standards have been adopted by the Group effective 1 January 2021:

IFRS 9, IAS 39 and IFRS 7 – Interest Rate and Benchmark Reform, Phase II

The IASB issued amendments to IFRS 9, IAS 39, and IFRS 7, Phase II, which finalized the IASB's response to the ongoing reform of interest rate benchmark (IBOR) reform. The amendments complemented Phase I amendments and mainly relate to changes in cash flows, hedge accounting, and disclosures. The amendments did not have a material impact on the Consolidated Financial Statements of the Group.

The following new IFRS standards have been adopted by the Group effective 1 January 2020:

IFRS 9, IAS 39 and IFRS 7 – Interest Rate and Benchmark Reform, Phase I

The IASB issued amendments to IFRS 9, IAS 39, and IFRS 7, Phase I, which provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly impacted by the interest rate benchmark (IBOR) reform. The key relief provided by this amendment relates to risk components, "highly probable requirements", prospective assessments, retrospective effectiveness test and recycling the cash flow hedging reserve. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements of the Group.

IFRS 3 – Definition of a Business

The IASB issued amendments to IFRS 3 Business Combinations that revised the definition of a business, which assists entities in the evaluation of whether an acquired set of activities and assets is a group of assets or should be considered a business. The amendment allows an entity to apply an optional concentration test to evaluate if the

fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, constituting a group of assets rather than a business. The amendments are applied to all business combinations and asset acquisitions of the Group on or after 1 January 2020. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements of the Group.

IAS 1 and IAS 8 – Definition of Material

The IASB issued amendments to IAS 1 and IAS 8, to clarify the definition of "material." The amendment refines the definition of material to information if omitting, misstating or obscuring it could reasonably by expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide information about a specific reporting entity. The amendments are applied to all financial statements and disclosures of the Group effective 1 January 2020. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements of the Group.

Revised Conceptual Framework for Financial Reporting

The IASB issued the Revised Conceptual Framework for Financial Reporting, which sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders, and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction. The Revised Conceptual Framework for Financial Reporting is applied to all financial statements and disclosures of the Group effective 1 January 2020. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements of the Group.

New and revised IFRS standards in issue but not yet effective

The following new standards are not yet adopted by or effective for the Group and have not been applied in preparing these Consolidated Financial Statements.

IFRS 10 and IAS 28 (Amendments) – Sale or Contribution of Assets between Investor and its Associate or Joint Venture:

The IASB issues amendments to IFRS 10 and IAS 28, which relate to situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Group anticipates that the application of these amendments may have an impact on the Consolidated Financial Statements in future periods should such transactions arise.

IAS 1 (Amendments) – Classification of Liabilities as Current or Non-Current

The IASB issues amendments to IAS 1, which affect the presentation of liabilities as current or non-current in the statement of financial position. The amendment does not impact the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non- current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The Group anticipates that the application of these amendments may have an impact on the Consolidated Financial Statements in future periods.

IAS 16 (Amendments) – Property, Plant and Equipment – Proceeds before Intended Use

The IASB issues amendments to IAS 16, which prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use; that is, proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Group anticipates that the application of this amendment will not have a material impact on the Consolidated Financial Statements.

IAS 37 (Amendment) - Onerous Contracts – Cost of Fulfilling a Contract

The IASB issues amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Group anticipates that the application of these amendments will not have a material impact on the Consolidated Financial Statements.

Annual Improvements to IFRS Standards 2018-2020 Cycle

The Annual Improvements include amendments to the following Standards, that are relevant to the Group:

IFRS 9 Financial Instruments

The IASB issues amendments on IFRS 9, which clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The IASB issues amendments on IFRS 16, which removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 1 Presentation of Financial Statements, Practice statement 2 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendment is effective for annual periods beginning on or after 1 January 2023.

IAS 12 Income Taxes

These require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The amendment is effective for annual periods beginning on or after 1 January 2023.

The Group anticipates that the application of these amendments will not have a material impact on the Consolidated Financial Statements.

4. Segment reporting

As disclosed in Note 2, the Group operates and manages its business as one operating segment.

The majority of the Group's revenue is generated from long-term out-license contracts which provide the customer with exclusive rights to a particular territory, which generally span multiple countries or a particular continent, as well as the Group's promises to continue development of the underlying compound and to provide supply of the product to the customer upon commercialization. Therefore, based on the nature of the customer agreements, revenue information is not currently available on a country-by-country basis.

Revenue from customers based on the geographic market in which the revenue is earned, which predominantly aligns with the rights conveyed to the Group's customers pursuant to its out-license contracts, is as follows (in thousands):

	2021	2020
North America	11,660	37,928
Europe	20,509	19,710
Asia	1,323	4,107
Other	3,280	4,871
	36,772	66,616

Non-current assets, excluding financial instruments and deferred tax assets, based on the location of the asset is as follows (in thousands):

	2021	2020
North America	439	471
Europe	249,803	207,355
Asia and other	2,194	1,892
	252,436	209,718

Revenue from transactions with individual customers that exceed ten percent or more of the Group's total revenue is as follows (in thousands, except for percentages):

	2021	
	Revenue	% Total
Customer A	10,070	27.4%
Customer B	18,369	50.0%
Customer C	*	*

* Less than 10%

	2020	
	Revenue	% Total
Customer A	36,270	54.4%
Customer B	18,572	27.9%
Customer C	*	*

* Less than 10%

5. Revenue and other income

Revenue from contracts with Customers

Disaggregated revenue

The following table summarizes the Groups' revenue from contracts with customers, disaggregated by the type of good or service and timing of transfer of control of such goods and services to customers (in thousands):

	2021	2020
License revenue (point in time revenue recognition)	1,453	24,067
Research and development and other service revenue*	35,319	42,549
Other		
	36,772	66,616

* Over time revenue recognition

Reassessment of variable consideration

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of change. The Group updates variable consideration estimates on a quarterly basis. The quarterly changes in estimates did not result in material adjustments to the Group's previously reported revenue or trade receivables during the years ended 31 December 2021 and 2020.

Contract assets and liabilities

A reconciliation of the beginning and ending balances of contract assets and contract liabilities is shown in the table below (in thousands):

	Contract assets	Contract liabilities
1 January 2020	23,056	29,047
Contract asset additions	43,795	-
Amounts transferred to trade receivables	(32,127)	-
Customer prepayments	-	44,418
Revenue recognized	-	(20,399)
31 December 2020	34,724	53,066
Contract asset additions	21,525	-
Amounts transferred to trade receivables	(36,811)	-
Customer prepayments	-	34,577
Revenue recognized	-	(13,107)
31 December 2021	19,438	74,536

The net decrease in contract assets as of 31 December 2021 is primarily due to the transfer of such amounts to trade receivables on the basis that the Group's right to that consideration is no longer contingent on its performance. The net increase in contract liabilities as of 31 December 2021 is due to customer prepayments in advance of the Group's performance. The Group presents contract assets and contract liabilities arising from the same customer contract on a net basis on the statements of financial position. As of 31 December 2021, $1.5 million and $18.0 million are recorded as non-current contract assets and current contract assets, respectively. Non-current contract assets will materialize over the next 2 to 3 years. As of 31 December 2021, $44.8 million and $29.7 million are recorded as non-current contract liabilities and current contract liabilities, respectively. Non-current contract liabilities will be recognized as revenue over the next 2 to 5 years as either services are rendered or contractual milestones are achieved, depending on the performance obligation to which the payment relates.

Remaining performance obligations

Due to the long-term nature of the Group's out-license contracts, the Group's obligations pursuant to such contracts represent partially unsatisfied performance obligations at year-end. The revenues under existing out-license contracts with original expected durations of more than one year are estimated to be $305.0 million. The Group expects to recognize the majority of this revenue over the next 3 years.

Out-license agreements

Teva Pharmaceutical Industries Ltd. (Teva)

In August 2020, the Group entered into an exclusive strategic agreement with Teva for the commercialization in the United States of five of the Group's biosimilar product candidates. The initial pipeline contains biosimilar candidates addressing multiple therapeutic areas. Under this agreement, the Group will be responsible for the development, registration and supply of the biosimilars, while Teva will be exclusively commercializing the products in the United States pursuant to an intellectual property license granted by the Group to Teva.

In connection with the agreement, Teva made an upfront payment of $40.0 million. The Group has also received $35.0 million in development milestones and is entitled to receive an additional $50.0 million in development milestones, $205.0 million in regulatory milestones and milestones due upon the first commercial sale of the biosimilar product candidates and $200.0 million in contingent payments based upon the achievement of cumulative net sales amounts. The Group is also expected to receive a royalty of approximately 40% of the estimated net selling price from Teva's commercialization of the contracted biosimilars.

STADA Arzneimittel AG (STADA)

In November 2019, the Group entered into an exclusive strategic agreement with STADA for the commercialization of seven biosimilars in all key European markets and selected markets outside Europe. The initial pipeline contains biosimilar candidates aimed at treating autoimmunity, oncology, ophthalmology and inflammatory conditions. Under this agreement, the Group will be responsible for the development, registration and supply of the biosimilars, while STADA will be exclusively commercializing the products in the relevant territories pursuant to an intellectual property license granted by the Group to STADA.

In connection with the agreement, STADA made an upfront payment of $5.9 million. The Group has received $24.6 million in development milestones up until the year ended 31 December 2021. The Group is also entitled to receive up to an aggregate of

$196.6 million in additional development milestones, $63.2 million in regulatory milestones and milestones due upon the first commercial sale of the biosimilar product candidates and $12.6 million in contingent payments based upon the achievement of cumulative net sales amounts. The Group is also expected to receive a royalty of approximately 40% of the estimated net selling price from STADA's and its affiliates' commercialization of the contracted biosimilars.

Other income

Other income primarily consists of a gain on the contribution of intellectual property to Changchun Alvotech Biopharmaceutical Co. Ltd. (the "joint venture").

The following table presents the components of other income during the years ended 31 December 2021 and 2020 (in thousands):

	2021	2020
Gain on contribution of intellectual property to joint venture	-	-
Other	2,912	2,833
	2,912	2,833

6. Salaries and other employee expenses

The average number of individuals employed by the Group during the years ended 31 December 2021 and 2020 was 645 and 488, respectively. The aggregate salary and other personnel-related costs incurred by the Group for these employees were as follows (in thousands):

	2021	2020
Salary expense	67,433	45,904
Defined contribution plan expense (1)	7,694	5,234
Long-term incentive plan expense	17,955	18,053
Other employee expense	10,274	10,186
Temporary labor	6,164	3,441
	109,520	82,818

(1) Defined contribution plan expense consists of costs incurred by the Group for employees of certain subsidiaries that are required by local laws to participate in pension schemes. These pension schemes are not sponsored or administered by the Group. Pursuant to the requirements of the schemes, the Group is required to contribute a certain percentage of its payroll costs to the pension schemes. Such contributions are charged to the consolidated statements of profit or loss and other comprehensive income or loss as they become payable in accordance with the rules of the pension schemes.

Salaries and other employee expense is included within the consolidated statements of profit or loss and other comprehensive income or loss as follows (in thousands):

	2021	2020
Research and development expenses	71,588	49,043
General and administrative expenses	37,932	33,775
Total salary and other employee expenses	109,520	82,818

7. Finance income and finance cost

Finance income earned during the years ended 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Changes in the fair value of derivatives (see Note 18)	51,549	5,393
Interest income from cash and cash equivalents	18	166
Other interest income	1	49
	51,568	5,608

Finance cost incurred during the years ended 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020

Changes in the fair value of derivatives (see Note 18)	(2,804)	(60,823)
Interest on debt and borrowings	(106,548)	(91,985)
Interest on lease liabilities	(6,423)	(5,481)
Amortization of deferred debt issue costs	(1,586)	(3,262)
	(117,361)	(161,551)

8. Depreciation and amortization

Depreciation and amortization expenses incurred during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Depr. and impairm. of property, plant and equipm. (see Note 10)	10,666	7,712
Depreciation of right of use assets (see Note 11)	0	7,188
Amortization and impairment of intangibles assets (see Note 13)	4,916	1,010
	15,582	15,909

Depreciation and amortization expense is included within the consolidated statements of profit or loss and other comprehensive income or loss as follows (in thousands):

	2021	2020
Research and development expenses	21,764	16,358
General and administrative expenses	2,517	2,203
Total depreciation and amortization expense	24,281	18,561

9. Income tax

Taxation recognized in the consolidated statements of profit or loss and other comprehensive income or loss during the years ended 31 December 2021 and 2020 is as follows (in thousands):

Current tax	2021	2020
Direct taxes - current	706	248
Direct taxes - prior year	491	-
Other employee expense	-	-
Total current tax	1,197	248
Deferred tax		
Current	(48,415)	(121,974)
Prior year	(477)	-
Total deferred tax	(48,892)	(121,974)
Total income tax (benefit) / expense	(47,694)	(121,726)

The factors affecting the tax benefit during the years ended 31 December 2021 and 2020 relates to the initial recognition of a deferred tax asset on accumulated tax losses which, at the end of both 2021 and 2020, management assessed that it was probable that the accumulated tax losses would be fully utilized in the coming years, as further described below.

There were no accruals for tax contingencies during the years ended 31 December 2021 and 2020.

The effective tax rate for the year of 32.0% (2020: 41.7%) is higher than the applicable Luxembourgish statutory rate of corporation tax. The reconciling items between the statutory rate and the effective tax rate are as

follows:

	2021	2020
Tax rate	24.9%	24.9%
Effect of tax rate in foreign jurisdictions	(8.2%)	(4.9%)
Recognition of tax losses	-	27.9%
Permanent differences	30.4%	-
Non-recognition of tax losses	(15.0%)	(6.2%)
Other items	(0.1%)	-
Effective tax rate	32.0%	41.7%

The movement in net deferred taxes during the years ended 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Balance at 1 January	121,647	(327)
Deferred tax credited to profit or loss	48,621	121,974
Deferred tax charged to other comprehensive income or loss	-	-
Balance at 31 December	170,268	121,647
Deferred tax assets	170,418	121,864
Deferred tax liabilities	(150)	(217)

Where there is a right of offset of deferred tax balances within the same tax jurisdiction, IAS 12 requires these to be presented after such offset in the consolidated statements of financial position. The closing deferred tax balances included above are after offset; however, the disclosure of deferred tax assets by category below are presented before such offset.

The amount of deferred tax recognized in the consolidated statements of financial position as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Deferred tax assets attributable to temporary differences in respect of tax losses	158,330	121,864
Deferred tax asset attributable to other temporary differences	12,088	-
Deferred tax liabilities attributable to other temporary differences	(150)	(217)
Net deferred tax assets	170,268	121,647

A deferred tax liability of $0.2 million as of both 31 December 2021 and 2020 has been recognized in relation to fair value remeasurement of customer relationships and other ordinary timing differences.

A deferred tax asset has also been recognized with respect to losses carried forward in Iceland. The recognition of this asset, beginning in 2020, is due to the increase in forecasted profit as per the Group's latest ten-year forecast, largely driven by a significant number of new contracts with customers that were executed in 2020 with expected payments due upon the achievement of various milestones throughout the next ten years. The forecasted profit associated with this milestone revenue is significant and provides for considerable headroom over and above the level needed to support full recognition of the losses. This is the case even after excluding sales-based milestones and taking account some uncertainty over milestones being achieved at the projected times. As such, the Group estimates that the tax loss carryforward will be used against taxable profits in the coming years and, therefore, a non-current deferred tax asset of $170.4 million and $121.9 million was recognized as of 31 December 2021 and 2020, respectively.

These tax losses expire as follows (in thousands):

2023-2025	38,948
2026-2028	228,544
Later	630,535
	898,027

10. Property, plant and equipment

Property, plant and equipment consists of facility and computer equipment, furniture, fixtures and leasehold improvements. Movements within property, plant and equipment during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	Facility equipment	Furniture, fixt. and leasehold improvements	Computer equipment	Total
Cost				
Balance at 1 January 2021	70,695	27,600	1,513	99,809
Reclassifications of assets	(2,873)	-	-	(2,873)
Additions	19,345	4,845	69	24,259
Translation difference	(1,143)	(50)	(31)	(1,224)
Balance at 31 December 2021	86,024	32,395	1,551	119,970
Depreciation				
Balance at 1 January 2021	23,055	7,016	1,419	31,490
Depreciation	6,870	1,637	67	8,574
Impairment	2,092	-	-	2,092
Translation difference	(649)	(39)	(27)	(715)
Balance at 31 December 2021	31,368	8,614	1,459	41,441
Net carrying amount				
Balance at 31 December 2021	54,657	23,781	92	78,530

	Facility equipment	Furniture, fixt. and leasehold improvements	Computer equipment	Total
Cost				
Balance at 1 January 2020	64,462	26,407	1,444	92,314
Additions	8,162	1,119	32	9,313
Disposals	(197)	-	-	(197)
Impairment	(2,881)	-	-	(2,881)
Translation difference	1,149	74	37	1,259
Balance at 31 December 2020	70,695	27,600	1,513	99,808
Depreciation				
Balance at 1 January 2020	16,818	5,302	1,318	23,438
Depreciation	6,718	1,662	71	8,452
Disposals	(118)	-	-	(118)
Impairment	(740)	-	-	(740)
Translation difference	376	52	30	458
Balance at 31 December 2020	23,055	7,016	1,419	31,490
Net carrying amount				
Balance at 31 December 2020	47,641	20,584	94	68,319

At 31 December 2021 and 2020, the Group performed a review of its property, plant and equipment and determined certain laboratory equipment was no longer in use. In assessing resale value, the Group determined the market for resale was non-existent due to the unique nature of the equipment. Management therefore determined to fully impair the assets, resulting in an impairment charge of $2.1 million during each of the years ended 31 December 2021 and 2020. The impairment charges have been recognized as an expense within "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income or loss.

The Group pledged $6.8 million and $8.9 million of property, plant and equipment as collateral to secure bank loans with third parties as of 31 December 2021 and 2020, respectively.

11. Leases

The Group's leased assets consist of facilities, fleet and equipment pursuant to both arrangements with third parties and related parties. The carrying amounts of the Group's right-of-use assets and the movements during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Right-of-use assets		
Balance at 1 January	108,646	102,072
Adjustments to opening balance	2,873	(1,034)
Adjustments for indexed leases	5,358	2,983
New or renewed leases	18,871	13,375
Terminated leases	-	(2,206)
Depreciation	(8,699)	(6,955)
Translation difference	(248)	411
Balance at 31 December	126,801	108,646

The Group's right-of-use assets as of 31 December 2021 and 2020 are comprised of the following (in thousands):

	2021	2020
Right-of-use assets		
Facilities	122,927	105,773
Fleet	159	27
Equipment	3,715	2,846
	126,801	108,646

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The Group's lease liabilities and the movements during the years ended 31 December 2021and 2020, are as follows (in thousands):

Lease liabilities	2021	2020
Balance at 1 January	108,947	101,794
Adjustments for indexed leases	5,358	2,983
New or renewed leases	18,116	15,937
Installment payments	(6,595)	(6,087)
Terminated leases	-	(1,965)
Foreign currency adjustment	(3,744)	(3,248)
Translation difference	58	(467)
Balance at 31 December	122,140	108,947
Current liabilities	(7,295)	(5,473)
Non-current liabilities	114,845	103,474

The amounts recognized in the consolidated statements of profit or loss and other comprehensive income or loss during the years ended 31 December 2021 and 2020 in relation to the Group's lease arrangements are as follows (in thousands):

	2021	2020
Depreciation expense from right-of-use assets Facilities	(8,228)	(6,722)
Fleet	(38)	(7)
Equipment	(433)	(226)
Total depreciation expense from right-of-use assets	(8,699)	(6,955)
Interest expense on lease liabilities	(6,423)	(5,322)
Foreign currency difference on lease liability	3,744	3,248
Loss on terminated leases	-	(241)
Total amount recognized in profit and loss	(11,378)	(9,270)

The maturity analysis of undiscounted lease payments as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Less than one year	13,164	10,588
One to five years	49,379	41,183
Thereafter	117,511	112,371
	180,054	164,142

The Group's lease liabilities as of 31 December 2021 and 2020 do not include $0.1 million of costs for short-term leases and low value leases.

12. Goodwill

The Group's goodwill balances as of 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Balance at 1 January	13,427	12,226
Translation difference	(1,060)	1,201

Balance as of 31 December	12,367	13,427

Goodwill is recognized at the Group level, which is determined to be the smallest cash-generating unit. The recoverable amount of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on the financial forecast for the period 2021-2030 that has been approved by management and the Board of Directors. The Group's operations are currently in a development phase, and the ten-year forecast includes the initial revenue generating phase when products currently in development will be available for market. The Group determined that the terminal growth rate and the discount rate are the key assumptions used in determining the current estimate of value in use.

Cash flows beyond 2030 have been extrapolated using a negative 5.0% terminal growth rate in both the 2021 and 2020 value in use calculations. A discount rate of 21.5% (2020: 21.1%) per annum was used in determining the current estimate of value in use. Since the recoverable amount of the cash-generating unit was substantially in excess of its carrying amount as of 31 December 2021 and 2020, management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the cash-generating unit is based would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

There were no goodwill impairment charges recognized in the consolidated statements of profit or loss and other comprehensive income or loss in any prior periods.

13. Intangible assets

Intangible assets consist of software, customer relationships and licensed intellectual property rights. Movements in intangible assets during the years ended 31 December 2021and 2020 are as follows (in thousands):

	Software	Customer relationships	Intellectual property rights	Total
Cost				
Balance at 1 January 2021	7,603	2,528	-	10,131
Additions	5,186	-	15,000	20,186
Impairment	(3,993)	-	-	(3,993)
Translation difference	(19)	(199)	-	(218)
Balance at 31 December 2021	8,777	2,329	15,000	26,106
Amortization				
Balance at 1 January 2021	2,351	1,445	-	3,796
Amortization	591	332	-	923
Translation difference	(9)	(113)	-	(122)
Balance at 31 December 2021	2,933	1,664	-	4,597
Net carrying amount				
Balance at 31 December 2021	5,844	665	15,000	21,509

Additions during the year ended 31 December 2021 were primarily comprised of licensed intellectual property rights from Biosana. Refer to Note 2.18 for further details.

	Software	Customer relationships	Total
Cost			
Balance at 1 January 2020	3,465	2,303	5,768
Additions	4,497	-	4,497
Disposals	(389)	-	(389)
Translation difference	30	225	255
Balance at 31 December 2020	7,603	2,528	10,131
Amortization			
Balance at 1 January 2020	1,684	987	2,671
Amortization	649	361	1,010
Disposals	1	-	1
Translation difference	17	97	114
Balance at 31 December 2020	2,351	1,445	3,796
Net carrying amount			
Balance at 31 December 2020	5,252	1,083	6,335

Expense for amortization of the Group's intangible assets is included within the consolidated statements of profit or loss and other comprehensive income or loss as follows (in thousands):

	2021	2020
Research and development expenses	324	357
General and administrative expenses	599	653
	923	1,01

At 31 December 2021 and 2020, the Group performed a review of its intangible assets and determined certain software development had been abandoned. In assessing resale value, the Group determined the market for resale was non-existent. Management therefore determined to fully impair the assets, resulting in an impairment charge of $4.0 million during the year ended 31 December 2021. The impairment charge has been recognized as an expense within "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income or loss. There were no impairments of intangible assets during the year ended 31 December 2020.

14. Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents include both cash in banks and on hand. Cash and cash equivalents as shown in the consolidated statements of cash flows as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Cash and cash equivalents denominated in US dollars	15,798	27,183
Cash and cash equivalents denominated in other currencies	1,758	4,506
	17,556	31,689

Restricted cash

Restricted cash as shown on the consolidated statements of financial position relates to cash that may only be used pursuant to certain of the Group's borrowing arrangements. Therefore, these deposits are not available for general use by the Group. Movements in restricted cash balances during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Balance at 1 January	10,087	10,086
Interest income	-	1
Balance at 31 December	10,087	10,087

The Group's restricted cash is available for use after one year or later.

15. Inventories

	2021	2020
Raw materials and supplies	26,590	10,359
Work in progress	13,730	601
Inventory reserves	(1,262)	(1,314)
Balance at 31 December	39,058	9,646

The increase in inventory from 31 December 2020 to 31 December 2021 is due to ongoing preparation for commercial launch of certain of the Group's biosimilar product candidates. This increase in inventory primarily contributed to the increase in trade and other payables from 31 December 2020 to 31 December 2021.

16. Other current assets

The composition of other current assets as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Value-added tax	4,725	3,858
Prepaid expenses	9,320	5,922
Other short-term receivables	691	1,542
	14,736	11,322

17. Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all liabilities. Equity instruments issued by a Group entity are recognized in the amount of the proceeds received, net of direct issue costs.

The Group's equity consists of Class A and Class B ordinary shares. The Group's authorized share capital is $99.7 million, consisting of the equivalent of 99,961,829 Class A or Class B ordinary shares with a par value of $0.01 per share. The Group's Board of Directors has the authority to issue shares, grant options to subscribe for shares and issue any other instruments giving access to shares within the authorized share capital limits. All share capital issued as of 31 December 2021 and 2020 is fully paid.

Holders of Class A and Class B ordinary shares have the same rights and entitlements with respect to sharing in profits and participating in dividends. While each Class A ordinary share is entitled to one vote in general meetings of shareholders, the Class B ordinary shares are non-voting shares except for resolutions as required by law. Such resolutions include modifications to the rights of the Class B ordinary shares or resolutions resolving on a reduction of capital or liquidation of the Group. Each Class B ordinary share is convertible into one Class A ordinary share upon the occurrence of an IPO.

Share capital and share premium of the Group's Class A and Class B ordinary shares issued as of 31 December 2021 and 2020 is as follows (in thousands, except for share amounts):

	2021		2022	
	Shares	Share Capital and Share Premium	Shares	Share Capital and Share Premium
Class A ordinary shares	13,386,098	997,824	7,163,438	164,384
Class B ordinary shares	95,701	2,429	95,701	2,429
Total share capital and share premium	13,481,799	1,000,253	7,259,139	166,813

Movements in the Group's Class A and Class B ordinary shares, share capital and share premium during the years ended 31 December 2021, 2020 and 2019 are as follows (in thousands, except for share amounts):

	Class A shares	Class B shares	Share capital	Share premium	Total
Balance at 1 January 2020	6,841,361	95,701	69	102,359	102,428
Share issue	322,077	-	4	64,997	65,001
Transaction costs on share issue	-	-	-	(616)	(616)
Balance at 31 December 2020	7,163,438	95,701	73	166,740	166,813
Share issue	6,222,660	-	62	833,378	833,440
Balance at 31 December 2021	13,386,098	95,701	135	1,000,118	1,000,253

No dividends were paid or declared during the years ended 31 December 2021 and 2020.

18. Borrowings

The Group's debt consists of interest-bearing borrowings from financial institutions, related parties and third parties. Outstanding borrowings, net of transaction costs, presented on the consolidated statements of financial position as current and non-current as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Convertible shareholder loans, net of debt issue costs (see Note 21)	-	177,612
Convertible bonds, net of debt issue costs	-	381,338
Bonds	394,129	-
Other borrowings	6,782	8,949
Total outstanding borrowings, net of debt issue costs	400,911	567,899
Less: current portion of borrowings	(2,771)	(2,503)
Total non-current borrowings	398,140	565,396

Convertible shareholder loans

On 22 December 2017, the Group entered into convertible shareholder loans with Alvogen and Aztiq for a total principal amount of $146.5 million and $11.7 million, respectively. The convertible shareholder loans have a repayment date of 31 December 2022. Interest on the loans is 15% of the outstanding principal balance, payable semi-annually on 30 April and 31 October of each year, commencing on 30 April 2018. Interest accrued and unpaid at the end of each interest period increases the principal of obligations owed by the Group to the lenders. The loan agreements set forth terms and conditions between the Company and the lenders, inclusive of certain representations and non-financial covenants. In connection with the issuance of the convertible bonds, as described further below, the Group used $75.0 million of the proceeds to partially repay the outstanding balance on the convertible shareholder loans with Alvogen. $50.0 million of the partial repayment was made during the year ended 31 December 2018; the remaining $25.0 million of the partial repayment was made during the year ended 31 December 2019.

On 14 May 2019, Aztiq provided an additional $50.0 million term loan to the Group. This loan has a repayment date in March 2024 and has been provided on the same payment and interest terms as the previous convertible shareholder loans. Additionally, on 14 May 2019, Alvogen assigned and transferred $50.0 million of outstanding principal on its convertible shareholder loans to Aztiq.

On 30 June 2020, Alvogen provided another convertible loan to the Group for $30.0 million, which was convertible into Class A ordinary shares at Alvogen's option. Alvogen exercised its conversion right on 21 October 2020 in connection with the issuance of ordinary shares through a private placement offering.

On 21 October 2020, Aztiq assigned and transferred $23.1 million of the principal amount outstanding under its convertible shareholder loans to four new lenders and Alvogen. Concurrently, the new lenders also became new shareholders as a result of their participation in the aforementioned private placement offering.

As of 31 December 2020, the outstanding balance on the convertible shareholder loans, including payment-in-kind interest added to the principal, was $171.5 million. Accrued interest on the convertible shareholder loans as of 31 December 2020 was $6.1 million.

The Group has the option, at any time, to prepay all or any part of the outstanding principal and accrued interest on the convertible shareholder loans. Notwithstanding a prepayment of the convertible shareholder loans, the lenders have the option to convert the convertible shareholder loans into equity of the Group, in the form of Class A ordinary shares. The amount convertible for each shareholder is representative of a percentage of interest in the Group that is equal to the higher of a fixed conversion rate or reduced conversion rate that is contingent upon future equity issuances, subject to a maximum cap and may be converted, in whole or in part, up to twenty-eight days prior to an IPO. Furthermore, the lenders received certain warrant rights and additional funding rights in connection with the issuance of the convertible shareholder loans. The warrant rights may be exercised, in whole or in part, up to twenty-eight days prior to an IPO. The additional funding rights may be exercised, in whole or in part, up to three months prior to an IPO.

The derivatives associated with the convertible shareholder loans, which consist of conversion rights, warrant rights, excess warrant rights and funding rights, are recorded as "Derivative financial liabilities" in the consolidated statements of financial position. As of 31 December 2020 the fair value was $534.7 million and the Group recorded an unrealized loss of $60.8 million and $59.9 million, recorded as a component of "Finance costs" in the consolidated statements of profit or loss and other comprehensive income or loss, for the years ended 31 December 2020 and 2019, respectively. Fair value measurements of the derivative financial liabilities are set out in Note 24.

On 15 March 2021, Aztiq assigned and transferred an additional $17.5 million of the principal amount outstanding under its convertible shareholder loans to five existing lenders, including Alvogen. The Group's rights and obligations with respect to the transferred borrowings did not change as a result of the transfer.

In connection with the Business Combination Agreement (see Note 26), on 7 December 2021, the Group's shareholders entered into the BCA Framework Agreement resulting in the exercise of the conversion, warrant, and funding rights associated with the convertible shareholder loans. As a result, the following issuances of Class A ordinary shares occurred:

- 1,522,103 shares from the exercise of warrant and funding rights in exchange for $101.3 million of cash;
- 1,137,248 shares from the exercise of warrant rights in exchange for the settlement of $73.7 million of accrued payment-in-kind interest; and
- 2,306,555 shares resulting from the conversion of $166.8 million of outstanding principal and accrued payment-in-kind interest.

In connection with these exercises, for the year ended 31 December 2021, the Group recognized finance income of $48.7 million resulting from the remeasurement of the derivative liabilities at the date of extinguishment and a $149.2 million gain on extinguishment of financial liabilities, which primarily reflects the difference between the carrying amount of the pre-transaction convertible shareholder loans and the related derivative financial liabilities

and the fair value of the ordinary shares issued. In addition, the gain on extinguishment of financial liabilities includes transaction costs incurred as part of the extinguishment, the acceleration of previously deferred debt issue costs incurred in connection with the issuance of the convertible shareholder loans and the acceleration of previously unamortized accretion of the convertible shareholder loans.

Convertible bonds and Bonds

Convertible bonds

On 14 December 2018, the Group issued $300.0 million of convertible bonds to multiple third-parties. The offering included $125.0 million of Tranche A bonds that included a guarantee from Alvogen and a 10% bonus if the bondholders convert at the time of an IPO. In addition, $175.0 million of Tranche B bonds were issued that do not have a guarantee but include a 25% bonus if the bondholders elect to convert at the time of an IPO. The bonds offer a 15% payment-in-kind interest rate and a put option to sell the bond back to the Group if an IPO has not occurred within three years from the original date of issuance. $10.0 million was set aside in a reserved cash account as collateral to satisfy the requirement that the Company always maintain a liquidity account with at least $10.0 million. Such reserved cash is presented as "Restricted cash" on the consolidated statements of financial position. During the year ended 31 December 2019, the Group closed on the remaining $68.0 million of borrowings.

As of 31 December 2020, the outstanding balance on the convertible bonds, including payment-in-kind interest added to the principal, is $391.2 million. Accrued interest on the convertible bonds as of 31 December 2020 is $2.6 million.

The Group has the option, at any time, to prepay all or any part of the outstanding principal and accrued interest on the convertible bonds. If the Group elects to prepay the convertible bonds within the first two years of the bond agreement, the bondholders are entitled to be paid an additional premium of at least 1.0% of the outstanding principal at the time of such prepayment. Notwithstanding a prepayment of the convertible bonds, the bondholders have the option to convert the bonds into equity of the Company up to fourteen days prior to maturity date, in the form of Class A ordinary shares. The bonds mature on 14 December 2023 unless otherwise redeemed, converted, purchased or cancelled prior to the maturity date.

The derivatives associated with the convertible bonds are recorded as "Derivative financial liabilities" in the consolidated statements of financial position. As of 31 December 2020 the fair value was $0 and the Group recorded an unrealized gain of $5.4 million and $5.2 million, respectively, recorded as a component of "Finance income" in the consolidated statements of profit or loss and other comprehensive income or loss for the years ended 31 December 2020 and 2019, respectively. Fair value measurements of the derivative financial liabilities are set out in Note 25.

Bonds

On 24 June 2021, holders of the Group's convertible bonds converted $100.7 million of principal and accrued interest and $4.8 million of additional premium offered by the Group to the bondholders into 455,687 Class A ordinary shares. Following the conversion, certain bondholders elected to redeem their remaining bonds for cash, resulting in the payment of $55.3 million in outstanding principal and accrued interest plus an additional $6.1 million of premium that the bondholders elected to be paid in cash.

The remaining unconverted and unredeemed bonds were replaced with new bonds with an extended maturity of June 2025 and the elimination of conversion rights, among other amendments to the terms and conditions. The Group offered the holders of the replaced bonds an extension premium of $8.1 million for their agreement to extend the maturity of the replaced bonds to June 2025, as well as an additional premium of $2.6 million, both of which were granted to the bondholders in the form of additional bonds. The Group also issued an additional $113.8 million of bonds to one previous bondholder and one new bondholder. On the date of issuance, the fair value and the nominal value of the bonds was $358.8 million and $397.4 million, respectively. The difference between the nominal value and fair value was recognized as a discount that will be amortized over the term of the bonds.

The Group determined that the 24 June 2021 transaction was a substantial modification to its convertible bonds and the associated derivative financial liability and accounted for the transaction as an extinguishment. As a result, the Group recognized a gain on extinguishment of financial liabilities of $2.6 million during the year ended 31 December 2021, primarily driven by the difference between the fair value of the post-transaction bonds and the carrying amount of the pre-transaction bonds. The gain on extinguishment of financial liabilities also includes the following:

- Transaction costs and fees incurred as part of the extinguishment;
- The acceleration of previously deferred debt issue costs incurred in connection with the issuance of the pre-transaction bonds;
- The acceleration of previously unamortized accretion of the pre-transaction bonds.

Prior to the extinguishment of the convertible bonds and as noted above, the bondholders had the option to convert the bonds into Class A ordinary shares up to fourteen days prior to maturity. This conversion right was separately accounted for as a derivative financial liability. During the period from 1 January 2021 to 24 June 2021, there was no change in fair value of the derivative financial liability.

As of 31 December 2021, the carrying amount of the bonds is $363.1 million. Accrued interest on the bonds as of 31 December 2021 is $31.0 million. The Group has the option, at any time, to prepay all or any part of the outstanding bonds. If the Group elects to prepay the bonds within the first three years of the bond agreement, the bondholders are entitled to be paid an additional premium of at least 2.0% of the outstanding principal at the time of such prepayment.

Other borrowings

In 2015 and 2016, the Group entered into several term loan agreements with a financial institution for a total principal amount of

$25.9 million. The loan agreements set forth terms and conditions between the Group and the financial institution, inclusive of certain representations and non-financial covenants. Per the terms of the loan agreements, the loans mature throughout late 2023 and into the second half of 2024, depending on the issuance date of each loan. Interest on the loans is variable 1 month USD LIBOR plus 4.95%, payable on a monthly basis. Interest accrued and unpaid at the end of each interest period increases the principal obligations owed by the Group to the financial institution. As of 31 December 2021 and 2020, the outstanding balance on the loans, including accrued interest, is $5.7 million and $8.1 million, respectively. The Group is in compliance with all representations and non-financial covenants required by these agreements. In addition, the Group has pledged property, plant and equipment as collateral to secure these borrowings, as further described in Note 10.

In 2019, the Group entered into two loan agreements with two separate lenders. Per the terms of the loan agreements, the loans mature in early 2024 and late 2029, depending on the issuance date of each loan. As of 31 December 2021 and 2020, the outstanding balance on the loans, including accrued interest, is $0.8 million and $0.9 million, respectively.

In 2021, the Group entered into two loan agreements with two separate lenders, Origo hf. and Arion banki hf. The outstanding balance on the borrowings held with Origo hf., including accrued interest, was $0.2 million as of 31 December 2021. The loan matures in early 2024. The outstanding balance on the borrowings held with Arion banki hf., including accrued interest, was $0.1 million as of 31 December 2021. The loan matures in late 2023.

Movements in the Group’s outstanding borrowings during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Borrowings, net at 1 January.....	567,899	475,606
Borrowings converted to equity.....	(105,501)	-
Redemption of borrowings.....	(34,899)	-
Paid payment in kind interest.....	(19,200)	-
Premium on redeemed and unredeemed bonds.....	15,472	-
Change in fair value upon extinguishment of convertible shareholder loans	32,114	-
Derecognition of previously deferred debt issue cost of convertible bonds.....	5,506	-
Derecogniton of unamortized accretion of convertible shareholders loans.....	(34,302)	-
Proceeds from new borrowings.....	114,282	30,000
Loans from related party converted to equity.....	(240,542)	(30,000)
Repayments of borrowings.....	(2,597)	(2,896)
Accrued interest.....	89,958	91,985
Amortization of deferred debt issue costs.....	12,754	3,262
Foreign currency exchange difference.....	(33)	(58)
Borrowings,net at 31 December.....	400,911	567,899

The weighted-average interest rates of outstanding borrowings for the years ended 31 December 2021 and 2020 are 14,83% and 14.85%, respectively.

Contractual maturities of principal amounts on the Group's outstanding borrowings as of 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Within one year.....	2,771	2,503
Within two years.....	2,920	115,788
Within three years.....	622	396,651
Within four years.....	394,222	64,166
Thereafter.....	376	1,545
	400,911	580,653

19. Long-term incentive plans

Share appreciation rights

Prior to 2019, the Group granted SARs to three former employees. During the years ended 31 December 2020 and 2019, the Group granted SARs to one and two current employees, respectively. There were no new granted SARs in 2021.

The Group's SAR liability as of 31 December 2021 and 2020 totaled $41.4 million and $30.1 million, respectively. Expense recognized for the Group's SAR liability for the years ended 31 December 2021 and 2020 totaled $11.3 million and $7.8 million respectively. The vested portion of the Group's SAR liability as of 31 December 2021 and 2020 is $36.6 million and $24.7 million, respectively. As of 31 December 2021, the Group expects to settle the SARs in 2022.

Significant assumptions used in the Black-Scholes-Merton pricing model as of 31 December 2021 and 2020 are as follows:

	2021	2020
Risk-free interest rate	0.1%	0.1%
Volatility rate	42.0%	42.0%
Expected dividend yield	-	-
Expected life	1.0 - 1.2 years	1.0 - 1.2 years
Share price at valuation	$1,806	$1,465
Strike price	$925-$1,695	$904-$1,296

The risk-free interest rate is the continuously compounded risk free rate for a one-year US government zero-yield bond. Expected volatility is based on historical data from a peer group of public companies. The expected life is based on when the Group expects each holder's award will be fully vested and settled by the Group, which is dependent on management's expectation of when specified triggering events requiring settlement will occur. The share price at valuation is based on the Group's equity valuation at the time of various equity-related transactions that occurred during 2021 and 2020. The strike price represents actual and anticipated increases in equity between the SAR agreement date and the anticipated dates of settlement triggering events. The strike price is used to determine the difference between the equity value at the time of the settlement triggering event and the original equity value of the Group.

Employee incentive plan

Movements in the Group's employee incentive plan liabilities during the years ended 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Balance at 1 January	10,501	510
Additions	6,648	10,322
Payments	(2,214)	(331)
Balance at 31 December	14,935	10,501

20. Litigation

On 19 March 2021, AbbVie Inc. and AbbVie Biotechnology Ltd. (collectively, "AbbVie") filed an action against Alvotech hf. in the United States District Court for the Northern District of Illinois alleging trade secret misappropriation under the Defend Trade Secrets Act and under the Illinois Trade Secrets Act. The complaint pleaded, among other things, that Alvotech hired a certain former AbbVie employee in order to acquire and access trade secrets belonging to AbbVie. On 8 March 2022 AbbVie and Alvotech entered into an agreement (the "U.S. AbbVie Agreement") pursuant to which, among other things, Alvotech and AbbVie settled all U.S. litigation arising out of the development of Alvotech's adalimumab biosimilar, and the filing of the corresponding BLA with the FDA. The case is now dismissed.

On 17 December 2021, AbbVie Inc., AbbVie Biotechnology Ltd, and AbbVie Operations Singapore Pte. Ltd. filed a complaint with the U.S. International Trade Commission against Alvotech hf., Alvotech Germany GmbH, Alvotech Swiss AG, Alvotech USA Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA Inc., and Ivers-Lee AG (Certain Adalimumab, Processes for Manufacturing or Relating to Same, and Products Containing Same, Investigation No. 337-TA-1296). The complaint raises trade secret misappropriation allegations similar to those raised in the trade secret litigation that AbbVie previously filed in the Northern District of Illinois. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie agreed to jointly seek dismissal of this action for all respondents, with each respondent to bear its own fees and costs, by 11 March 2022.

On 27 April 2021, AbbVie filed an action against Alvotech hf. in the United States District Court for the Northern District of Illinois alleging infringement of four patents, under the patent laws of the United States. On 28 May 2021, AbbVie filed another action against Alvotech hf. in the United States District Court for the Northern District of Illinois alleging infringement of 58 patents, under the patent laws of the United States, the BPCIA, and the Declaratory Judgment Act, and later added two more patents. Pursuant to the U.S. AbbVie Agreement, Alvotech and AbbVie agreed to jointly seek dismissal of all claims, counterclaims, potential claims and counterclaims in these cases without prejudice, with each respondent to bear its own fees and costs, by 11 March 2022. On 9 March 2022, the parties filed in each action a stipulation of dismissal of the parties' respective claims and counterclaims.

The Group incurred approximately $13.5 million and $7.9 million in legal expenses during the years ended 31 December 2021 and 2020, respectively, in preparation for, and/or in relation to, these litigations. Aside from these matters, the Group is not currently a party to any material litigations or similar matters.

21. Related parties

Related parties are those parties which have considerable influence over the Group, directly or indirectly, including a parent company, owners or their families, large investors, key management personnel and their families and parties that are controlled by or dependent on the Group, such as affiliates and joint ventures. Key management personnel include the Group's executive officers and directors, since these individuals have the authority and responsibility for planning, directing and controlling the activities of the Group. Interests in subsidiaries are set out in Note 1.

Transactions with related parties

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. The Group engages with related parties for both purchased and sold services, loans and other borrowings and other activities.

The Group entered into two lease agreements with Fasteignafélagið Sæmundur hf. in January 2019 and October 2020 for facilities in Iceland, both with remaining lease terms of approximately 17 years as of 31 December 2021. The Group also entered into ten separate lease agreements with HRJAF ehf. throughout 2019 and 2020 for a group

of apartment buildings in Iceland used for temporary housing of employees and third party contractors. Two of the leases were terminated during the year ended 31 December 2020. The remaining lease terms for the other eight leases approximate 8 years, on average, as of 31 December 2021.

The Group provides and receives certain support services through arrangements with Alvogen and Alvogen Malta (Outlicensing) Ltd. (Adalvo). Services provided to Alvogen consist of finance, administrative, legal and human resource services. Services received from Alvogen primarily consist of marketing, salary processing and information technology support services. Services received from Adalvo primarily consist of legal, regulatory, supply chain management and portfolio and market intelligence services.

Purchased service includes rental fees and service expenses, as described above. Rental fees and service expenses with related parties are presented as "General and administrative expenses" or "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income or loss, depending on the nature of the service performed and expense incurred by the Group. Rental liabilities from lease arrangements with related parties are presented as a component of "Lease liabilities" on the consolidated statements of financial position. Service payables are presented as "Liabilities to related parties" on the consolidated statements of financial position.

Interest includes interest expense on borrowings. Interest expenses on loans from related parties are presented as "Finance costs" in the consolidated statements of profit or loss and other comprehensive income or loss. Borrowings are presented as "Borrowings" and "Current maturities of borrowings" on the consolidated statements of financial position.

Sold service includes services provided to related parties, as described above. Income from related parties for such services are presented as "Other income" in the consolidated statements of profit or loss and other comprehensive income or loss. Amounts receivable for such activities are presented as "Receivables from related parties" on the consolidated statements of financial position. The Group has not recorded bad debt provisions for its receivables from related parties.

Related party transactions as of and for the year ended 31 December 2021 are as follows (in thousands):

	Purchased	Sold	Receivables	Payables/Loans
	Service/interest	Service		
Alvogen Lux Holdings S.à r.l. – Sister company (a)	9,452	1,134	-	68,237
Aztiq Pharma Partners S.à r.l. – Sister company (a)	19,471	-	-	123,671
Fasteignafélagið Sæmundur hf. - Sister company	8,111	-	-	84,650
Alvogen Iceland ehf. - Sister company	2,268	1,130	38	21

Alvogen ehf. - Sister company	40	-	-	40
Alvogen UK - Sister company	1,153	-	-	132
Lotus Pharmaceuticals Co. Ltd. - Sister company (b)	3,060	-	-	7,440
Alvogen Emerging Markets - Sister company	68	-	-	11
Alvogen Inc. - Sister company	67	-	-	23
Changchun Alvotech Biopharmac. Co. Ltd. (c)	-	-	323	-
Alvogen PB R&D LLC	-	7	-	-
Alvogen Malta Operations Ltd - Sister company	239	-	-	-
Alvogen Malta Group Services - Sister company	478	-	-	40
Alvogen Malta Sh. Services - Sister company	101	-	-	-
Alvogen Malta LTD - Sister company	-	4	-	-
Alvogen Malta (Outlicensing) Ltd - Sister company	142	185	26	58
Alvogen Spain SL - Sister Company	132	-	-	-
Norwich Clinical Services Ltd - Sister Company	92	-	-	42
Alvogen Pharma Pvt Ltd - Sister Company	218	-	-	-
HRJÁF ehf - Sister company	1,083	-	-	9,191
	46,175	2,640	387	293,556

(a) The full amount of purchased service relates to interest expenses from long-term liabilities and the full amount of payables / loans are interest-bearing long-term liabilities (see Note 18).
(b) Payables to Lotus Pharmaceuticals Co. Ltd. consists of the long-term liability as further described in Note 2. This long-term liability is presented as “Other long-term liability to related party” on the consolidated statements of financial position.
(c) The amount receivable from Changchun Alvotech Biopharmac. Co. Ltd. relates to amounts due for reference drugs used in research and development studies and certain consulting fees incurred by the Group

Commitments and guarantees

The Group does not have any contractual commitments with its related parties other than the receivables, loans and payables previously disclosed. Alvogen guarantees $9.6 million of the Group's lease arrangements with other related parties.

Key management personnel

Compensation of key management personnel, which includes the Group's executive officers, during the years ended 31 December 2021 and 2020 was as follows (in thousands):

	2021	2020
Short-term employee benefits	6,031	5,307
Other long-term benefits	1,038	106
Termination benefits	-	237
	7,069	5,650

The Group's directors were not provided with any compensation during the years ended 31 December 2021 and 2020.

22. Other current liabilities

The composition of other current liabilities as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Unpaid salary and salary related expenses	10,235	8,721
Accrued interest	7,547	-
Accrued payable to Biosana	7,500	-
Accrued vacation leave	4,626	3,682
Accrued expenses	12,104	4,013
Income tax payable	-	-
	42,012	16,416

23. Interests in joint ventures

In September 2018, Alvotech hf., a subsidiary of the Group, entered into a joint venture agreement with Changchun High & New Technology Industries (Group) Inc. (the "joint venture partner") to form a newly created joint venture entity, Changchun Alvotech Biopharmaceutical Co., Ltd. (the "joint venture" or "JVCO"). The purpose of the JVCO is to develop, manufacture and sell biosimilar products in the Chinese market. The JVCO's place of business is also the country of incorporation.

Name of entity	Place of business	Ownership Interest		Carrying amount	
		2021	**2020**	**2021**	**2020**
Changchun Alvotech Biopharm Co. Ltd.	China	50%	50%	55,307	56,6

The proportion of ownership interest is the same as the proportion of voting rights held by the Group. Management evaluated whether the Group's voting rights are sufficient for providing a practical ability to direct the relevant activities and strategic objectives of JVCO unilaterally. As the Group does not hold a majority of the voting rights, the Group does not control JVCO. As a result, the Group's investment in JVCO is accounted for using the equity method.

The following table provides the change in the Group's investment in a joint venture during the years ended 31 December 2021 and 2020 (in thousands):

	2021	2020
Balance at 1 January	56,679	54,020
Additions	-	-
Share in losses	(2,418)	(1,505)
Translation difference	1,046	4,164
Balance at 31 December	55,307	56,679

The tables below provide summarized financial information for the JVCO. The information disclosed reflects the amounts presented in the financial statements of the JVCO and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarized Statement of Financial Position (in thousands)	2021	2020
Current assets		
Cash and bank balances	29,659	59,478
Trade receivables	15	-
Inventories	18	-
Other current assets	1,372	25,172
Total current assets	31,064	84,650
Total non-current assets	94,525	34,519
Current liabilities		
Financial liabilities	-	323
Other current liabilities	12,156	5,785
Total current liabilities	12,156	6,108
Total non-current liabilities	2,820	-
Net assets	110,613	113,061

Reconciliation to carrying amounts (in thousands):	2021	2020
Opening net assets at 1 January	113,061	107,764
Profit (loss) for the period	(4,836)	(3,010)
Other comprehensive income	-	-
Cash contributions of owners	-	-
Receivable from owners	-	-
Dividend paid	-	-
Other, net	2,388	8,307
Closing net assets at 31 December	110,613	113,061
Group's share in %	50%	50%
Group's share in USD	55,307	56,531
Other	-	148
Carrying amount	55,307	56,679

Summarized Statement of Profit or Loss &Other Comprehensive Income (in thousands)	2021	2020
Revenue	-	-
Interest income	1,295	2,518
Depreciation and Amortization	210	26
Interest expense	-	-
Income tax expense	-	-
Other expenses	5,920	4,844
Exchange rate differences	1	658
Loss from continued operations	(4,836)	(3,010)
Loss from discontinued operations	-	-
Loss for the period	(4,836)	(3,010)
Other comprehensive income	-	-
Total comprehensive loss	(4,836)	(3,010)
Dividends received from joint venture entity	-	-

** From the date of incorporation of 11 March 2019.*

The Group did not receive any dividends from JVCO during the years ended 31 December 2021 and 2020. The Group had a $5.0 million commitment to provide a cash contribution to JVCO as of 31 December 2019, which was paid during the year ended 31 December 2020. Similarly, the joint venture partner had a $50.0 million commitment to provide a cash contribution to JVCO as of 31 December 2019, which was also paid during the year ended 31 December 2020. The Group does not have any remaining commitments to JVCO as of 31 December 2021. Furthermore, the Group does not have any contingent liabilities relating to its interests in JVCO as of 31 December 2021 or 2020. While there are no significant restrictions resulting from contractual arrangements with JVCO, entities in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than dividends.

24. Financial instruments

Accounting classification and carrying amounts

Financial assets as of 31 December 2021 and 2020, all of which are measured at amortized cost, are as follows (in thousands):

	2021	2020
Cash and cash equivalents	17,556	31,689
Restricted cash	10,087	10,087
Trade receivables	29,396	583
Other current assets	14,518	11,322
Receivables from related parties	1,111	387
	72,668	54,068

Financial liabilities as of 31 December 2021 and 2020 are as follows (in thousands):

	2021	2020
Borrowings (measured at amortized cost)	400,911	567,899
Derivative financial liabilities (measured at FVTPL)	-	534,692
Other long-term liability to related party (measured at FVTPL)	7,440	7,440
Long-term incentive plan (measured at FVTPL)	56,334	40,593
Trade and other payables (measured at amortized cost)	28,587	11,959
Lease liabilities (measured at amortized cost)	122,140	108,947
Liabilities to related parties (measured at amortized cost)	638	367
Other current liabilities	42,012	16,416
	658,062	1,288,313

It is management's estimate that the carrying amounts of financial assets and financial liabilities carried at amortized cost approximate their fair value, with the exception of the convertible bonds and convertible shareholder loans, since any applicable interest receivable or payable is either close to current market rates or the instruments are short-term in nature. Material differences between the fair values and carrying amounts of these borrowings are identified as follows (in thousands):

	Carrying amount	Fair value
Bonds	363,100	368,476

At 31 December 2020

	Carrying amount	Fair value
Convertible bonds	391,244	399,388
Convertible shareholder loans	171,574	210,026
	562,818	609,414

Fair value measurements

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments measured to fair value on a recurring basis as of 31 December 2020 (in thousands):

	2020			
Convertible shareholder loans	Level 1	Level 2	Level 3	Total
Conversion rights and warrant rights	-	-	220,695	220,695
Funding rights	-	-	176,888	176,888
Excess warrant rights	-	-	137,109	137,109
	-	-	534,692	534,692

The Group recognized derivative financial liabilities related to the equity conversion rights in the convertible bonds as well as the equity conversion rights, warrant rights and funding rights in the convertible shareholder loans as of 31 December 2020. The derivative financial liabilities were extinguished during the year ended 31 December 2021. Refer to Note 18 for additional details on the extinguishment.

Convertible bonds

The fair value of the derivatives associated with the convertible bonds was $0 at both 24 June 2021, the date of extinguishment (refer to Note 18 for additional details), and 31 December 2020. Changes in the fair value of the financial instruments during the period are recognized in the consolidated statements of profit or loss and other comprehensive income or loss.

The equity conversion features associated with the convertible bonds was determined using a lattice model that incorporated inputs as further described below. Probabilities associated with the timing of exercise and/or repayment of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date. The following table presents the assumptions that were used for the model in valuing the equity conversion rights:

	24 June 2021	31 December 2020
Stock price at valuation	$204.03	$201.82
Conversion ratio	0.387	0.387
Volatility rate	40.0%	42.5%
Risk-free interest rate	0.1%	0.1%
Expected dividend yield	0.0%	0.0%
Risk-adjusted yield	12.2%	11.8%
Expected life	0.5-1.5 years	0.95 years

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2021 and 2020, respectively. The conversion ratio is a calculation based on the stated conversion price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between $500 million and $5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The risky yield is calculated as of the issuance date of the instruments such that the value of the instrument is equal to its purchase price less any original issue discount. It is then adjusted as of each valuation date based on changes in market yields. The expected life is based on when the Group expects the bond to either reach maturity or be redeemed through conversion or redemption.

Convertible shareholder loans

The fair value of the derivatives associated with the convertible shareholder loans was $485.9 million and $534.7 million at 7 December 2021, the date of extinguishment (refer to Note 18 for additional details) and 31 December 2020. Changes in the fair value of the financial instruments during the period are recognized in the consolidated statements of profit or loss and other comprehensive income or loss.

The fair value of the derivatives associated with the convertible shareholder loans on 7 December 2021 was determined based on the number of shares to be issued at the closing of the Business Combination Agreement (see Note 26) multiplied by OACB stock price ($9.86).

As of 31 December 2020 the fair value of the equity conversion rights and warrant rights associated with the convertible shareholder loans was determined using a lattice model that incorporated inputs as further described below. Probabilities associated with the timing of exercise and/or repayment of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The following table presents the assumptions that were used for the model in valuing the equity conversion rights and warrant rights:

	31 December 2020
Stock price at valuation	$201.82
Conversion ratio	1.399
Volatility rate	42.5%
Risk-free interest rate	0.1%
Expected dividend yield	0.0%
Risk yield	14.2%
Expected life	1-2 years

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2021 and 2020, respectively. The conversion ratio is a calculation based on the stated conversion price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between $500 million and $5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The risky yield is calculated as of the issuance date of the instruments such that the value of the instrument is equal to its face value. It is then adjusted as of each valuation date based on changes in market yields. The expected life is based on when the Group expects the loans to either reach maturity or be redeemed through conversion or redemption.

The fair value of the funding rights and excess warrant rights associated with the convertible shareholder loans was determined using a Black-Scholes Option Pricing Model. The following table presents the assumptions that were

used for the model in valuing the funding rights and excess warrant rights:

	31 December 2020
Stock price at valuation	$201.82
Conversion ratio	$71.47
Volatility rate	42.5%
Risk-free interest rate	0.1%
Expected dividend yield	0.0%
Risk yield	14.2%
Expected life	1-2 years

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2021 and 2020 respectively. The strike price is based on the stated strike price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between $500 million and $5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The expected life is based on when the Group expects the loans to either reach maturity or be redeemed through conversion or redemption.

In aggregate, the fair value of the derivative liabilities associated with the convertible shareholder loans and convertible bonds at 31 December 2019 was $479.3 million. In 2020, the fair value of the derivative liabilities increased by $55.4 million, resulting in derivative liabilities of $534.7 million at 31 December 2020. In 2021, the fair value of the financial instruments decreased by $48.8 million, resulting in derivative liabilities of $485.9 million at 7 December 2021, the date of extinguishment. Included in the changes in fair value of the derivative liabilities is the amortization of a deferred loss associated with the recognition of funding rights at the inception of the convertible shareholder loan with Aztiq. Specifically, at inception, the fair value of the funding rights, determined using unobservable inputs, exceeded the transaction price by $15.0 million. The deferred loss is recognized over the 5-year term of the convertible shareholder loan using the straight-line method of amortization. The unamortized deferred loss, which is netted against derivative financial liabilities on the consolidated statements of financial position, was $3.1 million and $5.9 million as of 7 December 2021, the date of extinguishment, and as of 31 December 2020, respectively.

The Group did not recognize any transfers of assets or liabilities between levels of the fair value hierarchy during the years ended 31 December 2021 and 2020.

Capital management

The capital structure of the Group consists of equity, debt and cash. For the foreseeable future, the Board of Directors will maintain a capital structure that supports the Group's strategic objectives through managing the budgeting process, maintaining strong investor relations and managing the financial risks of the Group, as further described below. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

Financial risk management

The Group's corporate treasury function provides services across the organization, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the Group's operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of fluctuations in market interest rates primarily relates to the cash in bank that is subject to floating interest rates.

The following table provides an interest rate sensitivity analysis for the effect on loss before tax (in thousands):

	2021	2020
Variable rate financial liabilities +100	(65)	(90)
Variable rate financial liabilities -100	60	90

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to currency risk arises from financial assets and financial liabilities denominated in other currencies than the presentation currency of the Group.

The majority of the Group's financial assets and liabilities are denominated in a foreign currency. Below are the foreign currencies that have the most significant impact on the Group's operations.

	Closing Rate		Average Rate		Change
	2021	2020	2021	2020	
EUR	1.133	1.230	1.183	1.141	(7.9%)
GBP	1.350	1.361	1.376	1.283	(0.8%)
ISK	0.008	0.008	0.008	0.007	(2.6%)
CHF	1.094	1.133	1.094	1.066	(3.4%)

The Group's assets and liabilities that are denominated in foreign currencies as of 31 December 2021 are as follows (in thousands):

	Assets	Liabilities	Net
EUR	31,718	15,720	15,998
GBP	180	673	(493)
ISK	5,421	148,747	(143,326)
CHF	715	7,305	(6,590)

The Group's assets and liabilities that are denominated in foreign currencies as of 31 December 2020 are as follows (in thousands):

	Assets	Liabilities	Net
EUR	11,864	11,792	72
GBP	26	437	(411)
ISK	633	114,442	(113,809)
CHF	231	4,498	(4,267)

A reasonable possible strengthening or weakening of the Group's significant foreign currencies against the USD would affect the measurement of financial instruments denominated in a foreign currency and affect equity by the amount shown in the sensitivity analysis table below. The analysis assumes that all other variables, such as interest rates, remain constant.

Year ended 31 December 2021	EUR	GBP	ISK	CHF
-10% weakening	(1,600)	(49)	(14,333)	(659)
+10% strengthening	1,600	49	14,333	659
Year ended 31 December 2020	EUR	GBP	ISK	CHF
-10% weakening	(7)	(41)	(11,381)	(427)
+10% strengthening	7	41	11,381	427

Credit risk

Credit risk it the risk that a counterparty will not fulfill its contractual obligations under a financial instrument contract, leading to a financial loss for the Group. The maximum credit risk exposure for the Group's financial assets as of 31 December 2021 and 2020 is as follows (in thousands):

	2021	2020
Cash and cash equivalents	17,556	31,689
Restricted cash and certificate deposits	10,087	10,087
Other assets	66,344	47,731
	93,987	89,507

The Group's cash and cash equivalents and restricted cash are deposited with high-quality financial institutions. Management believes these financial institutions are finally sound and, accordingly, that minimal credit risk exists. The Group has not experienced any losses on its deposits of cash and cash equivalents and restricted cash, yet monitors the credit rating of these financial institutions on a periodic basis.

Other assets primarily consist of other current assets, as described in Note 16, and trade receivables and contract assets recognized in connection with the Group's performance pursuant to its contracts with customers, all of which are large multinational pharmaceutical companies. There are no significant amounts past due as of 31 December 2021 and 2020 and the Group concludes that any expected credit losses with respect to these assets is immaterial.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Contractual maturities of financial assets and liabilities as of 31 December 2021 are as follows (in thousands):

Financial assets	Within one year	One to two years	Thereafter	Total
Non-interest bearing	29,396	-	-	29,396
Variable-interest bearing	17,556	-	10,087	27,643
Total financial assets	46,952	-	10,087	57,039
Financial liabilities				
Non-interest bearing	71,237		63,774	135,011
Fixed-interest bearing - Borrowings	16,663	33,235	500,675	550,573
Derivative liabilities	-	-	-	-
Variable-interest bearing - Borrowings	3,041	3,035	1,117	7,193
Total financial liabilities	90,941	36,270	565,566	692,777

Contractual maturities of financial assets and liabilities as of 31 December 2020 are as follows:

	Within one year	One to two years	Thereafter	Total
Financial assets				
Non-interest bearing	582	-	-	582
Variable-interest bearing	31,689	-	10,087	41,776
Total financial assets	32,271	-	10,087	42,358
Financial liabilities				

Non-interest bearing	28,742	-	48,033	76,775
Fixed-interest bearing - Borrowings	-	205,464	683,559	889,023
Derivative liabilities	-	534,692	-	534,692
Variable-interest bearing - Borrowings	2,867	2,865	3,943	9,675
Total financial liabilities	31,609	743,021	735,535	1,510,165

Refer to Note 11 for the maturity analysis of the Group's undiscounted lease payments.

25. Supplemental cash flow information

Supplement cash flow information for the year ended 31 December 2021 and 2020 is included below (in thousands).

Non-cash investing and financing activities	2021	2020
Acquisition of property, plant and equipment in trade payables	3,812	-
Right-of-use assets obtained through new operating leases	18,871	15,204
Equity issued through conversion of borrowings	346,043	30,000
Acquisition of other intangible assets through financing agreements	461	-

26. Subsequent events

The Group evaluated subsequent events through 24 March 2022, the date the Consolidated Financial Statements were available to be issued.

On 7 December 2021, the Group entered into a Business Combination Agreement (the "Business Combination Agreement") with OACB, a special purpose acquisition company that is also an affiliate of one of the Group's current bondholders. As a result of the transactions contemplated by the Business Combination Agreement, OACB and the Group will merge into Alvotech Lux Holdings SAS, a simplified joint stock company, incorporated and existing under the laws of the Grand Duchy of Luxembourg (the "Business Combination"). Transaction closing is subject to customary and other closing conditions, including regulatory approvals and approval by OACB shareholders. More information on these conditions will be included in the proxy statement / prospectus that will be filed with the Securities and Exchange Commission.

In conjunction with the signing of the Business Combination Agreement, the Group is currently negotiating the settlement of existing long-term employee incentive plans. The existing plans may be settled either through cash payments or the issuance of Class A ordinary shares prior to the closing of the Business Combination based on the terms of the negotiations. Additionally, the Group intends to adopt a new equity incentive plan for its employees in connection with the consummation of the Business Combination.

In February and March 2022, Alvotech entered into interest free loan advances with Alvogen and Aztiq. The interest free loan advances provide for a facility of up to $15.0 million from Alvogen, with the potential for up to $10.0 million more in advances, and $25.0 million from Aztiq, for a total of up to $50.0 million. Repayment by Alvotech is due within 30 days of the Second Merger Effective Time.

On 22 February 2022, Alvotech, as borrower, withdrew $15.10 million under the facility from Alvogen, as lender.

On 9 March 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Aztiq, as lender.

In February and March 2022, Russia began a military invasion of Ukraine. The global response to this invasion could have and adverse impact on the Group's business,- including the Group's ability to market and sell products in Europe, by creating disruptions in global supply chain, and potentially having an adverse impact on the global economy, European economic, financial markets, energy markets, currency rates, and otherwise. Currently, the conflict has not had a material impact on the Group's financial condition, results of operations, the timeless for

biosimilar product development, expansion efforts or the Group's operations as a whole.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF ALVOTECH
FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND JUNE 2021

Unaudited Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income or Loss

USD in thousands, except for per share amounts	Notes	Six months ended 30 June 2022	Six months ended 30 June 2021
Product revenue	5	3,932	—
License and other revenue	5	36,186	2,008
Other income		142	348
Cost of product revenue		(17,813)	—
Research and development expenses		(86,884)	(90,403)
General and administrative expenses	1.1	(139,147)	(86,360)
Operating loss		(203,584)	(174,407)
Share of net loss of joint venture	21	(1,266)	(837)
Finance income	6	50,968	4
Finance costs	6	(52,406)	(123,575)
Exchange rate differences		4,744	(3,611)
Gain on extinguishment of financial liabilities		—	2,561
Non-operating profit / (loss)		2,040	(125,458)
Loss before taxes		(201,544)	(299,865)
Income tax benefit	7	17,073	25,918
Loss for the period		(184,471)	(273,947)
Other comprehensive income / (loss)			
Item that will be reclassified to profit or loss in subsequent periods:			
Exchange rate differences on translation of foreign operations		(4,243)	243
Total comprehensive loss		(188,714)	(273,704)
Loss per share			
Basic and diluted loss for the period per share	8	(1.02)	(2.77)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

USD in thousands	Notes	30 June 2022	31 December 2021
Non-current assets			
Property, plant and equipment	9	87,411	78,530
Right-of-use assets	10	131,069	126,801
Goodwill		11,436	12,367
Other intangible assets	11	22,857	21,509
Contract assets	5	14,838	1,479
Investment in joint venture	21	51,334	55,307
Other long-term assets		3,915	1,663
Restricted cash	12	25,001	10,087
Deferred tax assets	7	187,976	170,418
Total non-current assets		535,837	478,161
Current assets			
Inventories	13	54,664	39,058
Trade receivables		5,304	29,396
Contract assets	5	24,998	17,959
Other current assets	14	23,758	14,736
Receivables from related parties	19	1,498	1,111
Cash and cash equivalents	12	128,438	17,556
Total current assets		238,660	119,816
Total assets		774,497	597,977

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

USD in thousands	Notes	30 June 2022	31 December 2021
Equity			
Share capital	15	2,076	135
Share premium	15	1,026,282	1,000,118
Translation reserve		426	4,669
Accumulated deficit		(1,325,005)	(1,140,534)
Total equity		(296,221)	(135,612)
Non-current liabilities			
Borrowings	16	438,187	398,140
Derivative financial liabilities	22	197,470	—
Other long-term liability to related party	19	7,440	7,440
Lease liabilities	10	115,304	114,845
Long-term incentive plan	17	4,408	56,334
Contract liabilities	5	29,982	44,844
Deferred tax liability		141	150
Total non-current liabilities		792,932	621,753
Current liabilities			
Trade and other payables	13	44,726	28,587
Lease liabilities	10	7,282	7,295
Current maturities of borrowings	16	120,836	2,771
Liabilities to related parties	19	4,738	638
Contract liabilities	5	32,328	29,692
Taxes payable		1,047	841
Other current liabilities	20	66,829	42,012
Total current liabilities		277,786	111,836
Total liabilities		1,070,718	733,589
Total equity and liabilities		774,497	597,977

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

USD in thousands	Notes	Six months ended 30 June 2022	Six months ended 30 June 2021
Cash flows from operating activities			
Loss for the period		(184,471)	(273,947)
Adjustments for non-cash items:			
Gain on extinguishment of SARs liability	17	(4,803)	—
Share listing expense	1.1	83,411	—
Long-term incentive plan	17	5,555	61,201
Depreciation and amortization		9,977	8,928
Impairment of property, plant and equipment		—	2,066
Impairment of other intangible assets		—	3,993
Share of net loss of joint venture	21	1,266	837
Finance income	6	(50,968)	(4)
Finance costs	6	52,406	123,575
Gain on extinguishment of financial liabilities		—	(2,561)
Exchange rate difference		(4,744)	3,611
Income tax benefit	7	(17,073)	(25,918)
Operating cash flow before movement in working capital		(109,444)	(98,219)
Increase in inventories		(15,606)	(10,276)
(Increase) / decrease in trade receivables		24,092	(5,149)
Increase in net liabilities with related parties		2,825	2,756
(Increase) / decrease in contract assets		(20,398)	20,491
Increase in other assets		(11,384)	(5,504)
Increase in trade and other payables		17,408	7,712
Increase / (decrease) in contract liabilities		(12,226)	23,989
Increase / (decrease) in other liabilities		(6,963)	1,032
Cash used in operations		(131,696)	(63,168)
Interest received		8	4
Interest paid		(9,220)	(21,570)
Income tax paid		(248)	—
Net cash used in operating activities		(141,156)	(84,734)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(17,660)	(6,606)
Disposal of property, plant and equipment		379	—
Acquisition of intangible assets		(9,309)	(366)
Restricted cash in connection with the amended bond agreement	12	(14,914)	—
Net cash used in investing activities		(41,504)	(6,972)

Cash flows from financing activities			
Repayments of borrowings	16	(1,414)	(36,115)
Repayments of principal portion of lease liabilities	10	(5,033)	(3,016)
Proceeds from the Capital Reorganization	1.1	9,827	—
Gross proceeds from the PIPE Financing	1.1	174,930	—
Gross PIPE Financing fees paid	1.1	(5,561)	—
Proceeds from loans from related parties	16	110,000	—
Proceeds from new borrowings	16	10,786	114,282
Net proceeds on issue of equity shares	15	—	26,850
Net cash generated from financing activities		293,535	102,001
Increase in cash and cash equivalents		110,875	10,295
Cash and cash equivalents at the beginning of the period		17,556	31,689
Effect of movements in exchange rates on cash held		7	2
Cash and cash equivalents at the end of the period	12	128,438	41,986

Supplemental cash flow disclosures (Note 23)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

USD in thousands	Share capital	Share premium	Translation reserve	Accumulated deficit	Total equity
At 1 January 2021	73	166,740	4,974	(1,039,030)	(867,243)
Loss for the period	—	—	—	(273,947)	(273,947)
Foreign currency translation differences	—	—	243	—	243
Total comprehensive income / (loss)	—	—	243	(273,947)	(273,704)
Increase in share capital	6	127,520	—	—	127,526
At 30 June 2021	79	294,260	5,217	(1,312,977)	(1,013,421)
At 1 January 2022	135	1,000,118	4,669	(1,140,534)	(135,612)
Loss for the period	—	—	—	(184,471)	(184,471)
Foreign currency translation differences	—	—	(4,243)	—	(4,243)
Total comprehensive loss	—	—	(4,243)	(184,471)	(188,714)
PIPE Financing	175	169,193	—	—	169,368
Settlement of SARs with shares	35	30,267	—	—	30,302
Capital Reorganization	1,731	(173,296)	—	—	(171,565)
At 30 June 2022	2,076	1,026,282	426	(1,325,005)	(296,221)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements

1. General information

Alvotech (the "Parent" or the "Company" or "Alvotech"), previously known as Alvotech Lux Holdings S.A.S., the surviving company after the Business Combination (as defined below) with, among other parties, Alvotech Holdings S.A. (the "Predecessor"), is a Luxembourg public limited company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Trade and Companies' Register under number B 258884. The Company was incorporated on 23 August 2021. These unaudited condensed consolidated interim financial statements were approved by the Group's Board of Directors, and authorized for issue, on 31 August 2022.

The Company and its subsidiaries (collectively referred to as the "Group") are a global biotech company specialized in the development and manufacture of biosimilar medicines for patients worldwide. The Group has commercialized a certain biosimilar product and has multiple biosimilar molecules.

1.1 Capital Reorganization

On 15 June 2022 (the "Closing Date"), the Company consummated the capital reorganization with Alvotech Holdings and 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, Oaktree Acquisition Corp. II ("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;
- 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
- The Predecessor merged with and into the Parent, whereby all outstanding ordinary shares of the Predecessor ("Predecessor Ordinary Shares") were exchanged for Ordinary Shares, pursuant to a share capital increase of Alvotech, with Alvotech as the surviving company in the merger.

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 $10.00 per share for an aggregate subscription price equal to $174.9 million.

The Business Combination was accounted for as a capital reorganization. Under this method of accounting, OACB was treated as the "acquired" company for financial reporting purposes, with Alvotech Holdings S.A. being the accounting acquirer and accounting predecessor. Accordingly, the capital reorganization was treated as the equivalent of Alvotech issuing shares at the closing of the Business Combination for the net assets of OACB as of the Closing Date, accompanied by a recapitalization. The capital reorganization,

which was not within the scope of IFRS 3 since OACB did not meet the definition of a business in accordance with that guidance, was accounted for within the scope of IFRS 2. In accordance with IFRS 2, Alvotech recorded a one-time non-cash share listing expense of $83.4 million, recognized as a general and administrative expense, based on the excess of the fair value of Alvotech shares issued, at the Closing Date, over the fair value of OACB's identifiable net assets acquired. The fair value of shares issued was estimated based on a market price of $9.38 per share as of 15 June 2022.

	Shares	(in 000s)
OACB Shareholders		
Class A Shareholders	976,505	
Class B Shareholders	5,000,000	
OACB Earn Out Shares	1,250,000	
Total Alvotech Shares issued to OACB shareholders	7,226,505	
Fair value of Shares issued to OACB as of 15 June 2022		$ 56,060
Fair value of OACB Earn Out Shares issued to OACB as of 15 June 2022		9,100
Estimated fair market value		65,160
Adjusted net liabilities of OACB as of 15 June 2022		(18,251)
Difference – being the share listing expense		83,411

In connection with the Business Combination and PIPE Financing, the Company incurred $26.6 million of transaction costs, which represent legal, financial advisory, and other professional fees in connection with the Business Combination and PIPE Financing, during the six months ended 30 June 2022. Of this amount, $5.6 million represented equity issuance costs related to PIPE Financing that were capitalized in share premium. The remaining $21.0 million was recognized as general and administrative expense.

1.2 Information about shareholders

Significant shareholders of the Company are Aztiq Pharma Partners S.à r.l. ("Aztiq") and Alvogen Lux Holdings S.à r.l. ("Alvogen"), with 40.5% and 35.5% ownership interest as of 30 June 2022, respectively. The remaining 24.0% ownership interest is held by various shareholders, with no single shareholder holding more than 3.0% ownership interest as of 30 June 2022.

1.3 Impact of COVID-19, the Russia and Ukraine Conflict, and Economic Conditions

With the ongoing COVID-19 pandemic, the Group created a COVID-19 task force which implemented a business continuity plan to address and mitigate the impact of the pandemic on the Group's business and operations across sites. As a result, in the short-term, the pandemic has not had a material impact on the Group's financial condition, results of operations, the timelines for biosimilar product development, expansion efforts or the Group's operations as a whole. However, the extent to which the pandemic will impact the Group's business, biosimilar product development and expansion efforts, corporate development objectives and the value of and market for the Ordinary Shares will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate direction of the pandemic, emergence and spread of new variants of the disease, travel restrictions, quarantines, social distancing, business closure requirements and the effectiveness of other actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global supply chains and distribution systems, the effects of this on the work of appropriate regulatory authorities in different regions

and the other risks and uncertainties associated with the pandemic could have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

In February and March 2022, Russia began a military invasion of Ukraine. The global response to this invasion could have an adverse impact on the Group's business, including the Group's ability to market and sell products in Europe, by creating disruptions in global supply chain, and potentially having an adverse impact on the global economy, European economy, financial markets, energy markets, currency rates, and otherwise. Currently, the conflict has not had a material impact on the Group's financial condition, results of operations, the timelines for biosimilar product development, expansion efforts or the Group's operations as a whole.

The Company believes that inflation will have a general impact on the business in line with overall price increases, increases in the cost of borrowing, and operating in an inflationary economy. We cannot predict the timing, strength, or duration of any inflationary period or economic slowdown or its ultimate impact on the Company. If the conditions in the general economy significantly deviate from present levels and continue to deteriorate it could have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

1.4 Going concern

The Group has primarily funded its operations with proceeds from the issuance of equity and the issuance of loans and borrowings to both related parties and third parties. The Group has also incurred recurring losses since its inception, including net losses of $184.5 million and $273.9 million for the six months ended 30 June 2022 and 2021, respectively, and had an accumulated deficit of $1,325.0 million as of 30 June 2022. The Group has not generated positive operational cash flow, largely due to the continued focus on biosimilar product development and expansion efforts.

As of 30 June 2022, the Group has cash and cash equivalents, excluding restricted cash, of $128.4 million and net current assets less current liabilities of ($39.1) million. The closing of the Business Combination and the PIPE Financing provided the Group with gross proceeds of $184.7 million that is expected to be used to finance the continuing development and commercialization of its biosimilar products. In advance of the closing of the Business Combination and in preparation for redemptions of OACB Ordinary Shares as further described below, the Company has secured a Standby Equity Purchase Agreement ("SEPA") facility from YA II PN, Ltd ("Yorkville") for up to $150.0 million. The Company also continues to finalize the terms of a debt facility with Sculptor Capital Investments, LLC ("Sculptor"). The debt facility is currently expected to provide Alvotech with funding between $75.0 million and $125.0 million. Negotiations remain ongoing, which may impact the final terms of the facility. The two facilities are intended to replace redemptions by OACB shareholders that occurred as part of the Business Combination.

Additionally, the Group expects to continue to source its financing during the development of its biosimilar products from new and existing out-license contracts with customers.

Furthermore, while the COVID-19 pandemic has not and is not expected to have a material financial or operational impact on the Group, the pandemic may significantly impact the Group's business, biosimilar product development and expansion efforts, corporate development objectives and the value of and market for the Ordinary Shares. In light of these conditions and events, management evaluated whether there is substantial doubt about the Group's ability to continue as a going concern within one year after the date that the unaudited condensed consolidated interim financial statements are issued.

As such, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. Management continues to pursue the funding plans as described above, however there is no

assurance that the Group will be successful in obtaining sufficient funding on terms acceptable to the Group 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 Group'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 Group's ability to continue as a going concern.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group as of and for the six months ended 30 June 2022 have been prepared in accordance and in compliance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements issued for the year ended 31 December 2021, except for the product revenue accounting policy and adoption of new and amended accounting standards effective as of 1 January 2022 set out below. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective. The unaudited condensed consolidated interim financial statements are presented in U.S. Dollar (USD) and all values are rounded to the nearest thousand unless otherwise indicated.

In the opinion of the Group's management, the accompanying unaudited condensed consolidated interim financial statements contain all normal recurring adjustments necessary to present fairly the financial position and results of operations of the Group for each of the periods presented. The unaudited condensed consolidated interim financial statements do not include all the notes and other information required in an annual financial report. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's audited Consolidated Financial Statements issued for the year ended 31 December 2021. The condensed consolidated statement of financial position as of 31 December 2021 was derived from the audited Consolidated Financial Statements at that date.

3. Significant changes in the current reporting period

The financial position and performance of the Group was impacted by the following events and transactions during the six months ended 30 June 2022:

- Alvotech launched the lead product, AVT02 (adalimumab), a biosimilar to Humira®, in both Canada and selected European countries resulting in the first-time recognition of commercial sales that Alvotech presents as product revenue in the unaudited condensed consolidated interim statements of profit or loss and other comprehensive income or loss. See Note 5 for further information.
- In connection with an undertaking by Alvotech shareholders to ensure that Alvotech is sufficiently funded through the closing of the Business Combination by providing at least $50.0 million for the operations of Alvotech, Alvotech entered into interest free loan advances with Alvogen and Aztiq. On 22 February 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Alvogen, as lender. On 29 March 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million. On 11 March 2022, Alvotech, as borrower, withdrew $15.0 million under the facility from Aztiq, as lender. On 31 March 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million. See Note 16 for further information.

- On 8 March 2022, Alvotech entered into an agreement with AbbVie Inc. and AbbVie Biotechnology Ltd with respect to AVT02 for the U.S. market (the "AbbVie U.S. Agreement"). Pursuant to the settlement component of the AbbVie U.S. Agreement, the parties agreed to stipulate to the dismissal of all claims, counterclaims and potential claims in the pending litigation. Under the licensing component of the AbbVie U.S. Agreement, AbbVie granted Alvotech a license effective 1 July 2023 to make, import, use, distribute, sell and offer for sale AVT02 in the U.S. and a license to manufacture, import and store a reasonable amount of AVT02 in anticipation of the commercial launch of AVT02 in the U.S. In return, Alvotech is obligated to pay a royalty to AbbVie in the single-digits of the net sales of AVT02 in the U.S. See Note 18 for further information.
- On 11 April 2022, Alvotech, as borrower, entered into a loan agreement with Alvogen, as lender, for a loan of up to $40.0 million bearing an interest rate of 10% per annum. The loan was drawable in two separate installments of $20.0 million each. Each drawdown is subject to Alvogen approval. The repayment date is currently being renegotiated by the Company and Alvogen to coincide with potential additional capital raises in the future. On 12 April 2022, Alvotech withdrew the first installment of $20.0 million. Alvotech withdrew a second installment of $20.0 million on 9 May 2022, for aggregate indebtedness of $40.0 million. See Note 16 for further information.
- On 1 June 2022, Alvotech, as borrower, also entered into a loan agreement with Alvogen, as lender, for a loan of $20.0 million bearing an interest rate of 10% per annum. Alvotech withdrew the entire loan amount of $20.0 million on 1 June 2022. The repayment date is currently being renegotiated by the Company and Alvogen to coincide with potential additional capital raises in the future. See Note 16 for further information.
- On 15 June 2022, Alvotech closed the Business Combination Agreement and PIPE Financing with OACB. See Note 1.1 for further information.
- In conjunction with the Business Combination, Alvotech terminated certain deferred compensation arrangements by entering into settlement agreements with three former employees and one current employee that had outstanding rights under the share appreciation rights. See Note 17 for further information on the settlement.

4. New accounting policy and standards

Product Revenue

The Company recognizes revenue from the sale of its biosimilar products to commercial partners when control is transferred and the performance obligations have been satisfied. Revenue is recognized based on the net selling price from the commercial partners. Variable consideration is accounted for only to the extent that it is highly probable that a significant reversal in the revenue recognized will not occur.

In the six months ended 30 June 2022, the Group has applied, for the first time, the following revised international financial reporting standards (IFRS) issued by the IASB that are mandatorily effective for the period:

IAS 16 (Amendments) – Property, Plant and Equipment – Proceeds before Intended Use

The IASB issued amendments to IAS 16, which prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use; that is, proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related

costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarified the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. The amendments are applied to all financial statements and disclosures of the Group effective 1 January 2022. The adoption of the amendments did not have a material impact on the unaudited condensed consolidated interim financial statements of the Group.

IAS 37 (Amendment) – Onerous Contracts – Cost of Fulfilling a Contract

The IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are applied to all financial statements and disclosures of the Group effective 1 January 2022. The adoption of the amendments did not have a material impact on the unaudited condensed consolidated interim financial statements of the Group.

Annual Improvements to IFRS Standards 2018-2020 Cycle

IFRS 9 Financial Instruments

The IASB issues amendments on IFRS 9, which clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendments are applied to all financial statements and disclosures of the Group effective 1 January 2022. The adoption of the amendments did not have a material impact on the unaudited condensed consolidated interim financial statements of the Group.

5. Revenue

Disaggregated revenue

The following table summarizes the Group's revenue from contracts with customers, disaggregated by the type of good or service and timing of transfer of control of such goods and services to customers during the six months ended 30 June 2022 and 2021 (in thousands):

	30 June	
	2022	2021
Product revenue (point in time revenue recognition)	3,932	—
License revenue (point in time revenue recognition)	424	930
Research and development and other service revenue (over time revenue recognition)	35,762	1,078
	40,118	2,008

Contract assets and liabilities

A reconciliation of the beginning and ending balances of contract assets and contract liabilities related to Alvotech's out-license contracts is shown in the table below (in thousands):

	Contract Assets	Contract Liabilities
1 January 2022	19,438	74,536
Contract asset additions	21,014	—
Customer prepayments	—	2,400
Revenue recognized	—	(14,060)
Foreign currency adjustment	(616)	(566)
30 June 2022	39,836	62,310

The increase in contract assets as of 30 June 2022 is primarily due to satisfaction of performance obligations which were not yet invoiced. Amounts are reclassed from contract assets to trade receivables when the Group has the right to invoice the customer and the receipt of consideration is only conditional upon the passage of time. The net decrease in contract liabilities as of 30 June 2022 is due to revenue recognized during the period. The Group presents contract assets and contract liabilities arising from the same customer contract on a net basis on the statements of financial position.

As of 30 June 2022, $14.8 million and $25.0 million are recorded as non-current contract assets and current contract assets, respectively. Non-current contract assets will materialize over the next 2 to 4 years. As of 30 June 2022, $30.0 million and $32.3 million are recorded as non-current contract liabilities and current contract liabilities, respectively. Non-current contract liabilities will be recognized as revenue over the next 2 to 6 years as either services are rendered or contractual milestones are achieved, depending on the performance obligation to which the payment relates.

Contract assets and contract liabilities as of 30 June 2021 were $14.2 million and $77.0 million, respectively. The Group recognized $0.9 million of revenue during the six months ended 30 June 2021.

6. Finance income and finance costs

Finance income earned during the six months ended 30 June 2022 and 2021 is as follows (in thousands):

	30 June	
	2022	2021
Changes in the fair value of derivative financial liabilities	50,920	—
Interest income from cash and cash equivalents	40	—
Other interest income	8	4
	50,968	4

Finance costs incurred during the six months ended 30 June 2022 and 2021 is as follows (in thousands):

	30 June	
	2022	2021
Changes in the fair value of derivative financial liabilities	—	(67,624)
Interest on debt and borrowings	(35,153)	(51,321)
Special put option and consenting fee	(7,430)	—
Loss on remeasurement of bonds	(6,511)	—
Interest on lease liabilities	(3,312)	(3,066)
Amortization of deferred debt issue costs	—	(1,564)
	(52,406)	(123,575)

7. Income tax

The Group's effective tax rate for the six months ended 30 June 2022 and 30 June 2021 was 8.47% and 12.45% (after adjusting for certain non-tax effected Icelandic losses), respectively, resulting in a tax benefit in both periods. The effective tax rate for the six months ended 30 June 2022 is influenced by the losses incurred in Luxembourg, part of which are not tax deductible and no deferred tax asset is recognized on the rest. The tax benefit booked for the current period relates to the operational losses in Iceland and increases the deferred tax asset to $188.0 million as of 30 June 2022 (31 December 2021: $170.4 million). This is partly offset by a tax charge arising from currency translation on the historical cumulative tax losses in Iceland. This translation entry adjusts the USD value of the deferred tax asset on such losses which are utilizable in their local currency. The effective tax rate for the six months ended 30 June 2021 has lower losses in Luxembourg for which no tax is booked and greater losses in Iceland for which a tax benefit is taken.

8. Loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2022 and 2021 is as follows (in thousands, except for share and per share amounts):

	30 June	
	2022	2021
Earnings		
Loss for the period	(184,471)	(273,947)
Number of shares		
Weighted average number of ordinary shares outstanding	181,695,118	98,826,739
Basic and diluted loss per share	(1.02)	(2.77)

During the six months ended 30 June 2022 and 2021, the calculation of diluted loss per share did not differ from the calculation of basic loss per share since the inclusion of potential Ordinary Shares pursuant to the Group's earn out agreements, warrant agreements and former convertible loan agreements and convertible bond agreements would have been antidilutive. As such, 50,496,647 and 4,630,642 potential Ordinary Shares were excluded from the calculation of diluted loss per share for the six months ended 30 June 2022 and 2021, respectively.

9. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of $14.9 million, primarily consisting of facility equipment. The Group recognized $4.9 million and

$4.1 million of depreciation expense for the six months ended 30 June 2022 and 2021, respectively. Disposal of assets in the six months ended 30 June 2022 amounted to $0.4 million.

During the six months ended 30 June 2022, the Group recognized no impairments of property, plant and equipment.

The Group pledged $15.2 million and $6.8 million of property, plant and equipment as collateral to secure bank loans with third parties as of 30 June 2022 and 31 December 2021, respectively.

10. Leases

The Group's leased assets consist of facilities, fleet and equipment pursuant to both arrangements with third parties and related parties. The carrying amounts of the Group's right-of-use assets and the movements during the six months ended 30 June 2022 is as follows (in thousands):

	2022
Right-of-use assets	
Balance at 1 January	126,801
Adjustments for indexed leases	5,938
New or renewed leases	3,015
Depreciation	(4,641)
Translation difference	(44)
Balance at 30 June	131,069

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The Group's lease liabilities and the movements during the six months ended 30 June 2022 is as follows (in thousands):

	2022
Lease liabilities	
Balance at 1 January	122,140
Adjustments for indexed leases	5,938
New or renewed leases	1,592
Installment payments	(3,601)
Foreign currency adjustment	(3,526)
Translation difference	43
Balance at 30 June	122,586
Current liabilities	(7,282)
Non-current liabilities	115,304

The amounts recognized in the unaudited condensed consolidated interim statements of profit or loss and other comprehensive income or loss during the six months ended 30 June 2022 and 2021 in relation to the Group's lease arrangements are as follows (in thousands):

	30 June	
	2022	2021
Total depreciation expense from right-of-use assets	(4,641)	(3,880)
Interest expense on lease liabilities	(3,312)	(3,066)
Foreign currency difference on lease liability	3,526	(3,248)
Total amount recognized in profit and loss	(4,427)	(10,194)

The maturity analysis of undiscounted lease payments as of 30 June 2022 is as follows (in thousands):

	2022
Less than one year	13,707
One to five years	49,757
Thereafter	108,169
	171,633

11. Other intangible assets

During the six months ended 30 June 2022, the Group acquired $1.8 million of software assets. The Group recognized $0.4 million and $0.5 million of amortization expense for the six months ended 30 June 2022 and 2021, respectively.

During the six months ended 30 June 2021, the Group recognized $4.0 million of impairments of other intangible assets for certain software projects under development that have been made redundant. The impairment charge has been recognized as an expense within "Research and development expenses" in the unaudited condensed consolidated statements of profit or loss and other comprehensive income or loss during the six months ended 30 June 2021.

12. Cash and cash equivalents and restricted cash

Cash and cash equivalents

Cash and cash equivalents include both cash in banks and on hand. Cash and cash equivalents as of 30 June 2022 and 31 December 2021 is as follows (in thousands):

	30 June 2022	31 December 2021
Cash and cash equivalents denominated in US dollars	126,441	15,798
Cash and cash equivalents denominated in other currencies	1,997	1,758
	128,438	17,556

Restricted cash

Movements in restricted cash balances during the six months ended 30 June 2022 is as follows (in thousands):

	2022
Balance at 1 January	10,087
Reclassification in connection with the amended bond agreement (See Note 16)	14,914
Balance at 30 June	25,001

The change in restricted cash is primarily driven by the amended bond agreement as further described in Note 16, whereby Alvotech is required to maintain a minimum of $25.0 million of restricted cash in a separate liquidity account over the term of the bond agreement.

13. Inventories

The Group's inventory balances as of 30 June 2022 and 31 December 2021 are as follows (in thousands):

	30 June 2022	31 December 2021
Raw materials and supplies	36,735	26,590
Work in progress	19,812	13,730
Finished goods	48	—
Inventory reserves	(1,931)	(1,262)
	54,664	39,058

The increase in inventory from 31 December 2021 to 30 June 2022 is due to ongoing preparation for commercial launch of certain of the Group's biosimilar product candidates. This increase in inventory primarily contributed to the increase in trade and other payables from 31 December 2021 to 30 June 2022.

14. Other current assets

The composition of other current assets as of 30 June 2022 and 31 December 2021 is as follows (in thousands):

	30 June 2022	31 December 2021
Value-added tax	5,237	4,725
Prepaid expenses	17,367	9,320
Other short-term receivables	1,154	691
	23,758	14,736

The increase in other current assets from 31 December 2021 to 30 June 2022 is mainly due to an increase in prepayments for clinical studies and prepaid insurance.

15. Share capital

Movements in the Group's Ordinary Shares, Predecessor Ordinary Shares, share capital and share premium during the six months ended 30 June 2022 is as follows (in thousands, except for share amounts):

	Ordinary Shares	Predecessor Ordinary Shares	Share capital	Share premium	Total
Balance at 1 January 2022	—	13,481,799	135	1,000,118	1,000,253
PIPE Financing (Note 1.1)	17,493,000	—	175	174,755	174,930
Transaction costs on share issue	—	—	—	(5,562)	(5,562)
Capital Reorganization (Note 1.1)	186,576,505	(13,481,799)	1,731	63,304	65,035
Predecessor Earn Out Shares (Note 22)	38,330,000	—	—	(227,500)	(227,500)
OACB Earn Out Shares (Note 22)	1,250,000	—	—	(9,100)	(9,100)
SARs settlement (Note 17)	3,510,582	—	35	30,267	30,302
Balance at 30 June 2022	247,160,087	—	2,076	1,026,282	1,028,358

The Capital Reorganization resulted in the following share capital activity:

- All of the outstanding Predecessor Ordinary Shares were exchanged for 180,600,000 Ordinary

Shares and 38,330,000 Predecessor Earn Out Shares;

- 976,505 of Class A OACB Ordinary Shares were exchanged for Ordinary Shares;
- 6,250,000 of Class B OACB Ordinary Shares were exchanged for 5,000,000 Ordinary Shares and 1,250,000 OACB Earn Out Shares; and
- 17,493,000 Ordinary Shares were issued in the PIPE Financing.

No dividends were paid or declared during the six-month periods ended 30 June 2022 and 2021.

16. Borrowings

The Group's debt primarily consists of interest-bearing borrowings from financial institutions and related parties. Outstanding borrowings, net of debt issue costs, is as follows (in thousands):

	30 June 2022	31 December 2021
Bonds	432,903	394,129
Loans from related party	110,000	—
Other borrowings	16,120	6,782
Total outstanding borrowings, net of debt issue costs	559,023	400,911
Less: current portion of borrowings	(120,836)	(2,771)
Total non-current borrowings	438,187	398,140

The weighted-average interest rates of outstanding borrowings for the six months ended 30 June 2022 is 9.02%.

Bonds

In January and June of 2022, the Group amended the terms of the outstanding bonds. The amendments resulted in the following:

- Following the close of the Business Combination, the interest rate will range from 7.5% to 10.0% depending on the amount of aggregate net proceeds, as defined by the terms of the agreement;
- A $5.0 million consent fee, recognized as finance costs, due to the bondholders who did not vote against the Business Combination Agreement;
- The requirement for Alvotech to maintain a minimum of $25.0 million of restricted cash in a separate liquidity account; and
- A decrease in the interest rate to 7.5%, following the closing of the Business Combination, if the Company issues additional shares within six months of the Closing Date, resulting in the Company exceeding the amount of aggregate net proceeds, as defined in the bond agreement.

As a result of the closing of the Business Combination, there was a change in cash flows on the bonds related to the increase in interest rate from 7.5% to 10.0%. The Company remeasured the carrying value in accordance with IFRS 9 to the present value of the revised cash flows, and recognized a $6.5 million loss on the remeasurement of the bonds.

As of 30 June 2022, the outstanding balance on the bonds is $432.9 million. Accrued interest on the bonds as of 30 June 2022 is $1.7 million. The Group has the option, at any time, to prepay all or any part of the outstanding bonds. If the Group elects to prepay the bonds within the first three years of the bond agreement, the bondholders are entitled to be paid an additional premium of at least 2.0% of the outstanding principal at the time of such prepayment.

Related party loans

In connection with an undertaking by Alvotech shareholders to ensure that Alvotech was sufficiently funded through the closing of the Business Combination by providing at least $50.0 million for the operations of the Group, Alvogen and Aztiq provided interest free loan advances to Alvotech. On 22 February 2022, Alvotech borrowed $15.0 million under the facility from Alvogen, as lender. On 29 March 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million. On 11 March 2022, Alvotech borrowed $15.0 million under the facility from Aztiq, as lender. On 31 March 2022, Alvotech withdrew an additional amount of $10.0 million under the facility, for aggregate indebtedness of $25.0 million.

On 11 April 2022, Alvotech entered into a loan agreement with Alvogen, as lender, for a loan of up to $40.0 million bearing an interest rate of 10% per annum. The loan was drawable in two separate installments of $20.0 million each. On 12 April 2022, Alvotech withdrew the first installment of $20.0 million. Alvotech withdrew a second installment of $20.0 million on 9 May 2022 for aggregate indebtedness of $40.0 million. The repayment date, which was originally 30 days from the Closing Date, is currently being renegotiated by the Company and Alvogen.

On 1 June 2022, Alvotech also entered into a loan agreement with Alvogen, as lender, for a loan of $20.0 million bearing an interest rate of 10% per annum. Alvotech withdrew the entire loan amount of $20.0 million on 1 June 2022. The repayment date, which was originally 30 days from the Closing Date, is currently being renegotiated by the Company and Alvogen.

Other borrowings

On 22 February 2022, the Group entered into a credit facility agreement with Landsbankinn hf. with the ability to draw down an amount up to $18.3 million. The credit facility is in place to help finance equipment purchases in the future. Per the terms of the credit facility, any borrowings are required to be paid by 1 August 2022 and have a variable interest rate of USD SOFR plus a margin of 4.95%. As of 30 June 2022, the outstanding balance on the credit facility was $7.6 million.

On 22 February 2022, the Group entered into a loan agreement with Landsbankinn hf. for a principal amount of $3.2 million. The loan is in place to help finance equipment purchases. Per the terms of the loan agreement, annuity payments are due monthly with a final maturity in February 2029. The loan has a variable interest rate of USD SOFR plus a margin of 4.25%. As of 30 June 2022, the outstanding balance on the loan was $3.1 million.

Movements in the Group's outstanding borrowings during the six months ended 30 June 2022 were as follows (in thousands):

	2022
Borrowings, net at 1 January	400,911
Redemption of borrowings	(1,414)
Proceeds from new borrowings	10,786
New loans from related party	110,000
Accrued interest	27,711
Loss on remeasurement of bonds	6,511
Accretion of discount on bonds	4,552
Foreign currency exchange difference	(34)
Borrowings, net at 30 June	559,023

Contractual maturities of principal amounts on the Group's outstanding borrowings as of 30 June 2022 is as follows (in thousands):

	30 June 2022
Within one year	120,836
Within two years	2,479
Within three years	433,441
Within four years	558
Thereafter	1,709
	559,023

The Group's indebtedness also includes both interest-bearing and non-interest-bearing loans from related parties, Alvogen and Aztiq. The Group's aggregate indebtedness from such related party loans is $110.0 million as of 30 June 2022. See Note 3 and Note 19 for further information.

17. Long-term incentive plans

Share appreciation rights

The Group's share appreciation rights (SAR) liability as of 30 June 2022 totaled $3.8 million. In connection with the closing of the Business Combination, the Company reached a settlement agreement for share appreciation rights previously awarded to certain current and former employees. The rights were settled as follows:

- two former employees will each receive 1,755,291 Ordinary Shares to be issued one year after the Closing Date. In accordance with IFRS 2, the settlements were accounted for as a modification of a share-based payment transaction that changes the award's classification from cash-settled to equity-settled;
- one former employee will receive a $1.5 million cash payment in July 2022; and
- one current employee can elect to receive a cash payment of $1.5 million or 150,000 Ordinary Shares to be issued one year after the Closing Date, which will be continued to be accounted for as SAR liability until the cash is paid or the employee elects to receive Ordinary Shares.

The settlement agreements resulted in a net $35.1 million decrease in the SAR liability, a $30.3 million increase in equity equal to the fair value of the Ordinary Shares issued to the two former employees, a $3.1 million increase in other current liabilities and gain of $4.8 million in general and administrative expense recognized for the difference between the extinguished liabilities and the fair value of consideration paid to the current and former employees.

Expense recognized for the Group's SAR liability for the six months ended 30 June 2022 and 2021 totaled $0.6 million and $55.9 million, respectively. The vested portion of the Group's SAR liability as of 30 June 2022 is $2.9 million. There were no other SARs granted or settled during the six months ended 30 June 2022 except for the four individuals whose awards were settled in connection with the closing of the Business Combination.

Significant assumptions used in the Finnerty model to determine the fair value of the Ordinary Shares to be issued for the settlement as of 15 June 2022 are as follows:

	15 June 2022
Asset price	$ 9.38
Term (years)	1 year
Volatility factor	35.0%
Dividend yield	0.0%
Discount for lack of marketability	8.0%

The asset price is based on the public trading price of Ordinary Shares at the time of the settlement. The term is based on when the holder's will no longer be restricted from trading the Ordinary Shares. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between $500 million and $5 billion. The dividend yield is based on the expected dividends to be paid out by the Company. The discount for lack of marketability reflects the timing of when the shares will be issued and can be traded by the holders.

Employee incentive plan

Movements in the Group's employee incentive plan liabilities during the six months ended 30 June 2022 and 30 June 2021 is as follows (in thousands):

	30 June 2022	30 June 2021
Balance at 1 January	14,935	10,501
Additions	4,968	5,273
Payments	(943)	(686)
Balance at 30 June prior to reclassification	18,960	15,088
Reclassified to other current liabilities	(18,352)	—
Balance at 30 June	608	15,088

18. Litigation

In 2022, prior to the issuance date of these unaudited condensed consolidated interim financial statements, the Group was involved in four litigations in the United States arising out of the development of its adalimumab biosimilar, and the filing of the corresponding biologics license application with the U.S. Food and Drug Administration.

On 8 March 2022, Alvotech entered into the AbbVie U.S. Agreement with AbbVie Inc. and AbbVie Biotechnology Ltd with respect to AVT02 for the U.S. market. Pursuant to the settlement component of the AbbVie U.S. Agreement, the parties agreed to stipulate to the dismissal of all claims, counterclaims and potential claims in the four U.S. litigations, with each party to bear its own fees and costs. The parties further agreed to release each other from certain claims and demands. Under the licensing component of the AbbVie U.S. Agreement, AbbVie granted Alvotech a license effective 1 July 2023 to make, import, use, distribute, sell and offer for sale AVT02 in the U.S. and a license to manufacture, import and store a reasonable amount of AVT02 in anticipation of the commercial launch of AVT02 in the U.S. Under the agreement, Alvotech may sublicense certain rights to Teva, as a commercialization partner, and may also sublicense to other parties subject to certain conditions. In return, Alvotech is obligated to pay a royalty to AbbVie in the single-digits of the net sales of AVT02 in the U.S. The agreement does not provide for upfront or milestone payments. The obligation of Alvotech to pay royalties shall terminate on the earlier of
(i) 11 February 2025; or (ii) a determination that licensed patents are invalid or unenforceable, at which time the license granted will be deemed fully paid up and irrevocable. Each party has the right to terminate the

agreement upon breach of certain terms of the agreement that remains uncured for a certain period of time. Additionally, AbbVie may terminate the agreement if Alvotech takes certain actions concerning the patentability, validity or enforceability of AbbVie's patents in the U.S. with respect to AVT02.

The Group will continue to monitor developments of litigations and reassess the potential financial statement impact at each future reporting period.

The Group incurred $8.7 million in legal expenses during the six months ended 30 June 2022 in relation to these litigations. Aside from these matters, the Group was not a party to any material litigations or similar matters during that time period.

19. Related parties

Related party transactions as of and for the six months ended 30 June 2022 are as follows (in thousands):

	Purchased service / interest	Sold Service (d)	Receivables	Payables / Loans
Alvogen Lux Holdings S.à r.l. – Sister company (a)	889	—	—	85,889
Alvogen Aztiq AB – Sister company (a)	—	—	—	18
Aztiq Pharma Partners S.à r.l. – Sister company (a).	—	—	—	25,000
Fasteignafélagið Sæmundur hf. – Sister company	3,987	—	—	86,057
Alvogen Iceland ehf. – Sister company	470	180	—	484
Lotus Pharmaceuticals Co. Ltd. – Sister company (b).	—	—	—	7,440
Lotus International Pte. Ltd. – Sister company	—	2	18	—
Alvogen Emerging Markets – Sister company	98	—	—	34
Alvogen Inc. – Sister company	89	303	351	—
Alvotech and CCHT Biopharmaceutical Co., Ltd. (c)	—	—	752	—
Adalvo Limited – Sister company	545	215	112	545
Alvogen Pharma India Ltd. – Sister company	786	—	—	170
Flóki Invest ehf – Sister company	96	—	—	16
L41 ehf – Sister company	26	—	—	—
Alvogen Malta Sh. Services – Sister company	522	—	—	289
Alvogen Spain SL – Sister company	97	—	—	30
Norwich Clinical Services Ltd – Sister company	134	—	—	104
Lambhagavegur 7 ehf – Sister company	539	—	22	12,949
Fasteignafélagið Eyjólfur ehf – Sister company	—	196	243	—
FLÓKI fasteignir ehf. – Sister company	734	—	—	9,294
	9,012	896	1,498	228,319

(a) The full amount of purchased service relates to interest expenses from long-term liabilities and the full amount of payables / loans are interest-bearing and non-interest bearing long-term liabilities (see Note 16).

(b) Payables to Lotus Pharmaceuticals Co. Ltd. is presented as "Other long-term liability to related party" on the unaudited condensed consolidated interim statements of financial position.

(c) The amount receivable from Changchun Alvotech Biopharmac. Co. Ltd. relates to amounts due for reference drugs used in research and development studies and certain consulting fees incurred by the Group.

(d) Sold service consists of income earned from support service arrangements with Alvogen, and is presented as "Other income" on the unaudited condensed consolidated interim statements of profit or loss and other comprehensive income or loss.

Related party transactions as of and for the six months ended 30 June 2021 and as of 31 December 2021 are as follows (in thousands):

	30 June 2021		31 December 2021	
	Purchased service / interest	Sold service	Receivables	Payables/ loans
Alvogen Lux Holdings S.à r.l. – Sister company (a)	5,275	—	—	—
Alvogen Aztiq AB – Sister company (a)	123	—	—	43
Aztiq Pharma Partners S.à r.l. – Sister company (a)	8,463	—	—	—
Aztiq Investment Advisory AB (a)	—	—	2	—
Fasteignafélagið Sæmundur hf. – Sister company	3,859	—	—	83,770
Alvogen Iceland ehf. – Sister company	346	1,045	109	14
Alvogen ehf. – Sister company	—	—	2	—
Alvogen UK – Sister company	267	—	17	—
Lotus Pharmaceuticals Co. Ltd. – Sister company (b)	—	—	295	7,440
Alvogen Emerging Markets – Sister company	134	—	—	16
Alvogen Inc. – Sister company	—	—	301	—
Alvotech and CCHT Biopharmaceutical Co. Ltd (c)	—	—	320	—
Alvogen Pharma Pvt Ltd. – Sister company	122	—	—	13
Alvogen Malta (Outlicensing) Ltd – Sister company	453	—	65	229
Alvogen Malta Sh. Services – Sister company	512	—	—	283
Alvogen Spain SL – Sister company	148	—	—	23
Norwich Clinical Services Ltd – Sister company	—	—	—	17
FLÓKI fasteignir ehf. – Sister company	684	—	—	9,794
Lambhagavegur 7 ehf	110	—	—	12,661
	20,496	1,045	1,111	114,303

Commitments and guarantees

The Group does not have any contractual commitments with its related parties other than the receivables, loans and payables previously disclosed. Alvogen guarantees $9.4 million of the Group's lease arrangements with other related parties.

Key management personnel

Compensation of key management personnel, which includes the Group's executive officers, during the six months ended 30 June 2022 and 2021 was as follows (in thousands):

	30 June	
	2022	2021
Short-term employee benefits	4,604	3,163
Other long-term benefits	194	63
Termination benefits	27	204
	4,825	3,430

The Group's directors were not provided with any compensation during the six months ended 30 June 2022 and 2021.

20. Other current liabilities

The composition of other current liabilities as of 30 June 2022 and 31 December 2021 is as follows (in thousands):

	30 June 2022	31 December 2021
Unpaid salary and salary related expenses	9,794	10,235
Accrued interest and financial fees	8,117	7,547
Accrued payable to Biosana	—	7,500
Accrued vacation leave	4,737	4,626
Employee incentive plan	21,635	—
Accrued transaction costs	13,970	1,520
Accrued expenses	8,576	10,584
	66,829	42,012

21. Interests in joint ventures

The following table provides the change in the Group's investment in joint venture for its 50% ownership of Alvotech & CCHT Biopharmaceutical Co., Ltd. (the "joint venture" or "JVCO") during the six months ended 30 June 2022 and 2021 (in thousands):

	30 June	
	2022	2021
Balance at 1 January	55,307	56,679
Share in losses	(1,266)	(837)
Translation difference	(2,707)	552
Balance at 30 June	51,334	56,394

The Group did not receive any dividends from JVCO during the six months ended 30 June 2022 and 2021. Furthermore, there were no commitments or contingencies outstanding with JVCO as of 30 June 2022. While there are no significant restrictions resulting from contractual arrangements with JVCO, entities in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than dividends.

22. Financial instruments

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 will 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 $15.00 per share for any ten trading days within any twenty-trading day period, with the other half vesting at a VWAP of $20.00 per share for any ten trading days within any twenty-trading day period. The Predecessor Earn Out Shares are accounted for as derivative financial liabilities in accordance with IAS 32 and will be subject to ongoing mark-to-market adjustments through the statement of profit or loss and other comprehensive income or loss. The Predecessor Earn Out Shares had a fair value of $227.5 million at the Closing Date and $181.0 million as of 30 June 2022.

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 will 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 $12.50 per share for any ten trading days within any twenty-trading day period,

with the other half vesting at a VWAP of $15.00 per share. The OACB Earn Out Shares are accounted for as derivative financial liabilities in accordance with IAS 32 and will be subject to ongoing mark-to-market adjustments through the statement of profit or loss and other comprehensive income or loss. The OACB Earn Out Shares had a fair value of $9.1 million at the Closing Date and $7.3 million as of 30 June 2022.

Additionally, as part of the Business Combination the Company assumed the 10,916,647 outstanding OACB warrants, on substantially the same contractual terms and conditions as were in effect immediately prior to the Business Combination. Each warrant entitles the holder to purchase one Alvotech ordinary share. The OACB warrants are accounted for as derivative financial liabilities in accordance with IAS 32 and will be subject to ongoing mark-to-market adjustments through the consolidated statement of profit or loss and other comprehensive income or loss. The OACB warrants had a fair value of $11.8 million at the Closing Date and $9.2 million at 30 June 2022. The fair value of the warrants was derived from the publicly quoted trading price at the valuation date.

It is management's estimate that the carrying amounts of financial assets and financial liabilities carried at amortized cost approximate their fair value, with the exception of the bonds and convertible shareholder loans, since any applicable interest receivable or payable is either close to current market rates or the instruments are short-term in nature. Material differences between the fair values and carrying amounts of these borrowings as of 30 June 2022 and 31 December 2021 are identified as follows:

	30 June 2022	
	Carrying amount	Fair value
Bonds	432,903	453,016

	31 December 2021	
	Carrying amount	Fair value
Bonds	363,100	368,476

Fair value measurements

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments measured to fair value on a recurring basis as of 30 June 2022 (in thousands):

	30 June 2022			
	Level 1	Level 2	Level 3	Total
Warrant liabilities	9,170	—	—	9,170
Predecessor Earn Out Shares	—	181,000	—	181,000
OACB Earn Out Shares	—	7,300	—	7,300
	9,170	188,300	—	197,470

The Group recognized derivative financial liabilities related to warrant rights held by certain holders of Ordinary Shares and earn-out liabilities that may be settled through the issuance of Ordinary Shares to members of the management team of both the Predecessor and OACB. Changes in the fair value of the derivative financial liabilities during the period are recognized in the unaudited condensed consolidated interim statements of profit or loss and other comprehensive income or loss.

The fair value of the Predecessor Earn Out Shares was determined using Monte Carlo analysis that incorporated inputs and assumptions as further described below. The inputs and assumptions associated with the valuation of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The following table presents the assumptions and inputs that were used for the model in valuing the Predecessor Earn Out Shares:

	15 June 2022
Number of shares	38,330,000
Share price	$ 9.38
Volatility rate	37.5%
Risk-free interest rate	3.4%

	30 June 2022
Number of shares	38,330,000
Share price	$ 8.21
Volatility rate	40.0%
Risk-free interest rate	3.0%

The fair value of the OACB Earn Out Shares was determined using a Monte Carlo analysis that incorporated inputs and assumptions as further described below. Assumptions and inputs associated with the valuation of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The following table presents the assumptions and inputs that were used for the model in valuing the OACB Earn Out Shares:

	15 June 2022
Number of shares	1,250,000
Share price	$ 9.38
Volatility rate	37.5%
Risk-free interest rate	3.4%

	30 June 2022
Number of shares	1,250,000
Share price	$ 8.21
Volatility rate	40.0%
Risk-free interest rate	3.0%

The number of shares is based on the shares granted as part of the Business Combination Agreement. The stock price is based on Company's stock price at the valuation date. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between $500 million and $5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model.

The fair value of the warrant liabilities was determined using the public trading price of the warrants. The public trading price of the warrants was $1.08 and $0.84 at 15 June 2022 and 30 June 2022, respectively.

The Group did not recognize any transfers of assets or liabilities between levels of the fair value hierarchy during the six months ended 30 June 2022.

23. Supplemental cash flow information

Supplement cash flow information for the period ended 30 June 2022 and 2021 is included below (in thousands):

	30 June	
	2022	2021
Non-cash investing and financing activities		
Right-of-use assets obtained through new operating leases	1,592	13,672
OACB Earn Out Shares recognized	9,100	—
Predecessor Earn Out Shares recognized	227,500	—
Settlement of SARs	30,302	—
Equity issued through exercise of convertible bonds	—	92,975
Bonds converted to equity	—	105,501
Change in fair value at initial recognition of bonds	—	27,516

24. Subsequent events

The Group evaluated subsequent events through 31 August 2022, the date these unaudited condensed consolidated interim financial statements were available to be issued.

On 13 July 22, the Company entered into settlement agreements with both Aztiq and Alvogen for the $25.0 million in related party loans provided by each party. As a result of the settlement agreement, Aztiq and Alvogen each received 2,500,000 Ordinary Shares. The settlement will be accounted for as an extinguishment of financial liabilities. In accordance with IFRS 9, the difference between the fair value of the consideration paid for the settlement, and the extinguished financial liabilities will be recognized in the consolidated statement of profit or loss and other comprehensive income or loss.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ALVOTECH
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Unaudited Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income or Loss

USD in thousands, except for per share amounts	**Nine months ended 30 September 2022**	**Nine months ended 30 September 2021**
Product revenue.....	11.060	-
License and other revenue…….....	48.111	2.008
Other income…….....	197	911
Cost of product revenue…….....	(35.362)	-
Research and development expenses ……..	(133.140)	(146.605)
General and administrative expenses ……..	(156.520)	(106.304)
Operating loss	(265.654)	(249.990)
Share of net loss of joint venture…….....	(1.732)	(1.674)
Finance income…….....	97.299	7
Finance costs…….....	(69.200)	(157.355)
Exchange rate differences.....	13.643	3.234
Gain on extinguishment of financial liabilities ……...	17.800	2.561
Non-operating profit / (loss)	57.810	(153.227)
Loss before taxes	(207.844)	(403.217)
Income tax benefit…….....	14.771	47.955
Loss for the period	(193.073)	(355.262)
Other comprehensive loss		
Item that will be reclassified to profit or loss in subsequent periods:		
Exchange rate differences on translation of foreign operations	(8.852)	(429)
Total comprehensive loss	(201.925)	(355.691)
Loss per share		
Basic and diluted loss for the period per share ……..	(1,00)	(3,48)

Unaudited Condensed Consolidated Interim Statement of Financial Position

USD in thousands	30 September 2022	31 December 2021
Non-current assets		
Property, plant and equipment…….....	94.614	78.530
Right-of-use assets…….....	134.709	126.801
Goodwill…….....	10.656	12.367
Other intangible assets ……....	22.915	21.509
Contract assets…….....	2.719	1.479
Investment in joint venture…….....	47.683	55.307
Other long-term assets…….....	5.200	1.663
Restricted cash…….....	25.001	10.087
Deferred tax assets…….....	185.956	170.418
Total non-current assets	529.453	478.161
Current assets		
Inventories…….....	67.459	39.058
Trade receivables…….....	24.959	29.396
Contract assets…….....	25.005	17.959
Other current assets…….....	22.210	14.736
Receivables from related parties…….....	1.196	1.111
Cash and cash equivalents…….....	12.844	17.556
Total current assets	153.673	119.816

USD in thousands	30 September 2022	31 December 2021
Equity		
Share capital…….....	2.126	135
Share premium…….....	1.058.432	1.000.118
Translation reserve…….....	(4.183)	4.669
Accumulated deficit…….....	(1.333.607)	(1.140.534)
Total equity	(277.232)	(135.612)
Non-current liabilities		
Borrowings…….....	443.643	398.140
Derivative financial liabilities…….....	151.442	-
Other long-term liability to related party ……....	7.440	7.440
Lease liabilities…….....	110.090	114.845
Long-term incentive plan…….....	4.568	56.334
Contract liabilities…….....	40.309	44.844
Deferred tax liability…….....	385	150
Total non-current liabilities	757.877	621.753
Current liabilities		
Trade and other payables…….....	36.441	28.587
Lease liabilities…….....	8.034	7.295
Current maturities of borrowings ……....	74.986	2.771
Liabilities to related parties ……....	4.333	638
Contract liabilities…….....	23.887	29.692
Taxes payable…….....	996	841
Other current liabilities…….....	53.804	42.012
Total current liabilities	202.481	111.836
Total liabilities	960.358	733.589
Total equity and liabilities	683.126	597.977

Unaudited Condensed Consolidated Interim Statements of Cash Flows

USD in thousands	**Nine months ended 30 September 2022**	**Nine months ended 30 September 2021**
Cash flows from operating activities		
Loss for the period…….....	(193.073)	(355.262)
Adjustments for non-cash items:		
Gain on extinguishment of SARs liability…….....	(4.803)	-
Share listing expense…….....	83.411	-
Long-term incentive plan ……....	5.686	61.075
Depreciation and amortization…….....	15.084	13.610
Impairment of property, plant and equipment	-	2.155
Impairment of other intangible assets ……....	2.765	3.993
Share of net loss of joint venture	1.732	1.674
Finance income	(97.299)	(7)
Finance costs	69.200	157.355
Gain on extinguishment of financial liabilities ……....	(17.800)	(2.561)
Exchange rate difference…….....	(13.643)	(3.234)
Income tax benefit…….....	(14.771)	(47.955)
Operating cash flow before movement in working capital	(163.511)	(169.157)
Increase in inventories…….....	(28.401)	(11.994)
(Increase) / decrease in trade receivables	4.437	(5.381)
Increase in net liabilities with related parties	1.188	1.455
(Increase) / decrease in contract assets	(8.286)	21.455
Increase in other assets…….....	(10.297)	(6.409)
Increase in trade and other payables	9.884	11.433
Increase / (decrease) in contract liabilities	(10.340)	23.967
Increase / (decrease) in other liabilities	(29.214)	707
Cash used in operations	(234.540)	(133.924)
Interest received ……....	14	4
Interest paid	(13.072)	(23.166)
Income tax paid	(416)	(326)
Net cash used in operating activities	(248.014)	(157.412)

Cash flows from investing activities		
Acquisition of property, plant and equipment	(28.942)	(6.876)
Disposal of property, plant and equipment	379	-
Acquisition of intangible assets	(9.591)	(3.023)
Restricted cash in connection with the amended bond agreement	(14.914)	-
Net cash used in investing activities	(53.068)	(9.899)
Cash flows from financing activities		
Repayments of borrowings…….....	(2.206)	(36.754)
Repayments of principal portion of lease liabilities…….....	(6.990)	(4.818)
Proceeds from the Capital Reorganization ……....	9.827	-
Gross proceeds from the PIPE Financing ……....	174.930	-
Gross PIPE Financing fees paid	(5.561)	-
Proceeds from loans from related parties	110.000	-
Proceeds from new borrowings	16.537	114.282
Net proceeds on issue of equity shares	-	66.850
Net cash generated from financing activities	296.537	139.560
Decrease in cash and cash equivalents	(4.545)	(27.751)
Cash and cash equivalents at the beginning of the period	17.556	31.689
Effect of movements in exchange rates on cash held	(167)	48
Cash and cash equivalents at the end of the period	12.844	3.986