Report of the Management Board regarding agenda item 6

Pursuant to Art. 5 SE-Regulation in connection with sec. 186 para. 4 sentence 2 German Stock Corporation Act (*Aktiengesetz*; *AktG*) the Management Board has to report to the general meeting in writing in the case of resolutions on the exclusion of subscription rights. Pursuant to sec. 203 para. 1 sentence 1, sec. 71 para. 1 no. 8 half sentence 2 and sec. 221 para 4 sentence 2 German Stock Corporation Act (*Aktiengesetz*; *AktG*) this also applies to the authorization to exclude subscription rights in connection with capital increases from the authorized capital, in connection with the disposal of treasury shares and with the issuance of option and/or convertible bonds.

The following is to be read in connection with the resolution proposals made in the invocation of the Annual General Meeting, which are part of this report and being referred to:

Regarding agenda item 6 lit. a) and b) – Expansion of options to exclude subscription rights for authorised capital

When making use of the authorized capital under the articles of association the Management Board's authorization to exclude the subscription right of the shareholders pursuant to sec. 4 para. 5 sentence 4 lit. h) (which is to be replaced by lit. f) in its future form) shall be modified and thereby adjusted to the needs of the Company.

As a growing biotechnology company with correspondingly very high expenditures for the development of its drug candidates the Company requires extraordinarily high financial resources and has continuously high losses until the successful marketing of its products. It is therefore dependent on raising capital by way of capital increases, where necessary even very quickly and flexibly. It is also in the shareholders' interest that the Company uses its options to grow and increase its value and that it not restricts itself in such regard because of limited financial resources.

The Company's share is listed at NASDAQ in the form of American Depositary Shares. This means that in the case of subscription rights capital increases the requirements of capital markets laws of the United States have to be catered for and that further the Depositary for the American Depositary Shares has to be involved in the settlement. This makes subscription rights capital increases very arduous. At the same time, the design of a capital increase under exclusion of subscription rights has to meet market expectations – i.e. especially the environment of the biotechnology sector in the United States – with regard to the placement price. In that context, it plays a significant role that the price of the ADS of the Company in general is very volatile and that potential (new) investors expect a higher discount on the stock market price than could be given under the current provisions of the articles of association based on sec. 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*; *AktG*) or referring to the exposed partaking of an investment bank.

Further, an equitable participation of all owners of shares and American Depositary Shares in a subscription rights capital increase would *de facto* (also through realisation of the respective subscription right) be difficult to ensure; this is different than were the shares listed in Germany, in which case a subscription rights trading could be implemented. Instead of granting subscription rights the interests of both the shareholders and the owners of American Depositary Shares can therefore be better catered for by offering the shares for very short periods to (new) institutional investors with a discount that generally speaking would be lower than it typically would be in the case of a subscription rights capital increase. In order to execute such offers flexibly when the opportunity arises, the options to exclude subscription rights when utilizing the authorized capital should be extended accordingly.

The authorization to exclude subscription rights so modified shall also fall within the limitation of sec. 4 para. 5 sentence 5 of the articles, pursuant to which the new shares issued from the authorized capital under exclusion of subscription rights (subject to the exceptions further spelled out in the resolution proposals) may not exceed 20% of the share capital. The reference point for this limitation is the time of effectiveness of the authorization in the form as resolved upon by the Annual General Meeting of 26 June 2020 or – if this amount is lower – the time of its exercise. This modification of the reference point increases the Management Board's leeway (subject to authorization of the Supervisory Board) to a minor extent which, as described above, ultimately is also in the shareholders' interest.

In accordance with what is required by sec. 203 para. 2 sentence 2 in connection with sec. 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*; *AktG*) it is therefore ensured with regard to the resolution proposals under agenda item 6 lit. a) and b) that the financial and voting interests of the shareholders in connection with the utilisation of the authorized capital under exclusion of the shareholders' subscription rights are adequately preserved while at the same time and in the interest of all shareholders further scope for action is given to the Company.

Taking the aforementioned into account the Management Board assesses the proposed authorization to exclude subscription rights as being objectively justified and appropriate vis-à-vis the shareholders.

Regarding agenda item 6 lit. c) – Modification of the options to exclude subscription rights in connection with the issuance of option and convertible bonds and in connection with the acquisition of treasury shares and their use

The general meeting of 19 August 2019 under agenda item 7 had resolved that the Management Board, with approval of the Supervisory Board, may exclude the shareholders' subscription rights in connection with the issuance of option and convertible bonds as further specified. Under agenda item 8 lit. b) the general meeting of 19 August 2019 had resolved the requirements to be met for the Management Board (with approval of the Supervisory Board) to dispose of treasury shares and thereby exclude the shareholders' subscription right.

Both authorizations limit the permitted scope of the option and convertible bonds issued and the treasury shares disposed under exclusion of subscription rights. The authorization allows for the issuance of bonds with conversion or option rights or conversion or option obligations or tender rights of the issuer for shares only in such an amount that their pro rata amount of the share capital may not exceed 20% of the share capital in total; the authorization for the use of treasury shares contains a similar provision. Both authorizations further stipulate that – apart from a reciprocal crediting – new shares that are issued from the authorized capital under exclusion of subscription rights pursuant to the authorization of sec. 4 para. 5 sentence 4 lit. a) through lit. c) and lit. h) must be counted towards the 20% threshold.

Since the provisions regarding the exclusion of subscription rights in connection with the authorized capital are now to be modified under agenda item 6 lit. a) and lit. b), an adjustment of the crediting provision described above is mandated, in order for the crediting provision with regard to capital increases from the authorized capital, with regard to the issuance of option and convertible bonds and with regard to the disposal of treasury shares to be in unison.

In accordance with what is required by sec. 71 para 1 no 8 sentence 5 half sentence 2 and sec. 221 para. 4, respectively, in connection with sec. 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*; *AktG*) it is therefore ensured with regard to the resolution proposals under agenda item 6 lit. c) that the financial and voting interests of the shareholders in connection with the issuance of option and convertible bonds and with regard to the disposal of treasury shares under exclusion of the shareholders' subscription rights are adequately preserved while at the same time and in the interest of all shareholders further scope for action is given to the Company.

Taking the aforementioned into account the Management Board assesses the proposed authorization to exclude subscription rights as being objectively justified and appropriate vis-à-vis the shareholders.