

Report of the Executive Board on items 6 and 7 of the agenda pursuant to Section 203 Paragraph 2 Sentence 2 in conjunction with Section 186 Paragraph 4 Sentence 2 AktG

The Executive Board and the Supervisory Board propose to the Annual General Shareholders' Meeting to be held on May 30, 2018 under items 6 and 7 of the agenda to cancel the Authorized Capitals 2017/I and 2017/II and to create the new Authorized Capitals 2018/I and 2018/II.

Pursuant to Section 203 Paragraph 2 Sentence 2 in conjunction with Section 186 Paragraph 4 Sentence 2 AktG, the Executive Board issues the following written report on each of the authorizations to exclude subscription rights in relation to new Authorized Capital 2018/I and Authorized Capital 2018/II proposed for resolution in items 6 and 7 of the agenda:

The General Shareholders' Meeting of May 30, 2017 passed a resolution on item 4 of the agenda to the effect that the Executive Board is authorized until May 29, 2022 to increase the share capital of the Company, with the consent of the Supervisory Board, once or several times by up to a total of € 2,273,526.00 against contribution in cash and/or in kind by issuing new non-par value shares (Authorized Capital 2017/I). At the same General Shareholders' Meeting, under item 5 of the agenda, the Executive Board was further authorized until May 29, 2022 to increase the share capital of the Company, with the consent of the Supervisory Board, once or several times by up to a total of € 9,094,104.00 against contribution in cash and/or in kind by issuing new non-par value shares (Authorized Capital 2017/II). Authorized Capital 2017/I has been utilized in part as of the date hereof and currently amounts to € 994,426.00, which corresponds to about 4.14 % of the current share capital of the Company. Authorized Capital 2017/II has not yet been utilized as of the date hereof and, therefore, currently amounts to € 9,094,104.00, which corresponds to about 37.87 % of the current share capital of the Company.

Against the background of the net assets, financial position and results of operations of the Company as well as the fact that Epi proColon® is to be introduced to the U.S. market as the admission procedure has successfully been completed, the Executive Board believes that the current amounts of the existing Authorized Capital 2017/I and the existing Authorized Capital 2017/II are not sufficient to put the Company in a position to cover potential financing needs at short notice and to be capable of acting in a flexible manner in response to the strategic and operational challenges. Therefore, with the proposals under items 6 and 7 of the agenda, the Executive Board shall be authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or several times by up to a total of € 2,401,436.00 (Authorized Capital 2018/I) and up to a total of € 9,605,744.00 (Authorized Capital 2018/II), in each case until May 29, 2023 and against contribution in cash and/or in kind by issuing new non-par value registered shares. Thus, the amount of Authorized Capital 2018/I corresponds to 10%, and the amount of Authorized Capital 2018/II corresponds to 40%, of the share capital existing as of the preparation of this report.

In case of utilization of Authorized Capital 2018/I and Authorized Capital 2018/II, the shareholders will, in principle, have a subscription right. Subscription rights may also be granted by way of an indirect subscription right (Section 203 Paragraph 1 Sentence 1 in conjunction with Section 186 Paragraph 5 AktG).

In specific cases, the Executive Board shall, however, be authorized, with the consent of the Supervisory Board, to exclude subscription rights of the shareholders.

1. An exclusion of the subscription rights shall thereby be permissible both for Authorized Capital 2018/I and for Authorized Capital 2018/II in the following two instances:
 - Firstly, it is to be permissible in each case to exclude shareholders' subscription rights for fractional amounts. This serves to simplify the process of a share issue in which the subscription right, in principle, is granted to the shareholders. Fractional amounts might result from the respective issuing volume and the necessity of a practical subscription ratio. Such fractional amounts, in general, hold little value for the individual shareholder, whereas the issuing costs would be considerably higher without such exclusion of the subscription right. In addition, the possible dilution effect is normally marginal due to the restriction to fractional amounts. The new shares for which subscription rights have been excluded due to fractional amounts will be realized on the best possible terms for the Company. The exclusion of subscription rights therefore serves practical purposes and simplifies the process of a share issue and is therefore in the interests of the Company and its shareholders. In determining the subscription ratio, the Executive Board will take into account the interest of the shareholders to minimize fractional amounts.
 - Secondly, the Executive Board shall be entitled to exclude shareholders' subscription rights in the event of capital increases against contribution in kind. The Executive Board is thus enabled to use

shares of the Company as appropriate in individual cases for the purchase (including an indirect purchase) of enterprises, parts of enterprises, shares in enterprises or for the purchase (including an indirect purchase) of other assets, including receivables. It may become necessary during negotiations to offer shares as consideration rather than cash. The possibility to offer shares in the Company as consideration offers not only an advantage when competing for attractive acquisition targets but also the required flexibility to seize opportunities where they present themselves to acquire enterprises, parts of enterprises, shares in enterprises or other assets while preserving the Company's cash resources. Assets which can be acquired as contributions in kind also include receivables owed, in particular, by the Company or subordinated affiliated companies. The option to pay such receivables owed by the Company or subordinated affiliated companies by issuing new shares rather than by payment in cash allows the Company to preserve its liquidity and to improve its financing structure. In addition, this option may permit the Company to agree on more favorable terms and conditions with its creditor for the fulfillment of existing receivables. Therefore, from the point of view of the Executive Board, the proposed authorization to exclude subscription rights is in the interest of the Company and its shareholders. The Company does not suffer any disadvantage, since the issuance of shares against contribution in kind requires the contribution in kind to be of fair value in relation to the value of the shares. When determining the value relation, the Executive Board will ensure that the interests of the Company and its shareholders are adequately considered and that adequate consideration will be obtained by the Company for its new shares. To this end, the Executive Board will adequately take into account the stock exchange price of the shares of the Company and retain third party experts to the extent possible and reasonable in the individual case.

2. The proposed Authorized Capital 2018/I provides, in addition to the instances set forth under 1., for two further cases where an exclusion of subscription rights shall be possible:

- It is to be permissible to exclude subscription rights if the new shares are issued in a capital increase against contribution in cash at an issuing price which is not materially below the stock exchange price pursuant to Section 186 Paragraph 3 Sentence 4 AktG. This authorization enables the Company to promptly and flexibly realize opportunities on the market in its different business areas and to satisfy capital needs which may arise therefrom or from other operational reasons, if necessary even on very short notice. The exclusion of subscription rights enables the Company not only to take short-term action in a flexible manner, but also enables the placement of shares at a near-market price, i.e. without the discount which, in general, is required in connection with the issue of shares with subscription rights. This results in higher issue proceeds to the benefit of the Company. In addition, with such placement, new groups of shareholders can be addressed. The German Stock Corporation Act does not provide for a fixed limit on the discount. When utilizing the authorization, the Executive Board will set the discount as low as possible – with the consent of the Supervisory Board – in compliance with legal regulations and taking into account the market conditions prevailing at the time of the placement. The shares issued under exclusion of subscription rights according to Section 186 Paragraph 3 Sentence 4 AktG must not, in aggregate, exceed 10% of the share capital, neither at the time the requested authorization becomes effective nor at the time such authorization will be utilized. Shares newly issued by the Company during the term of the authorization in a capital increase against contribution in cash or shares acquired and subsequently re-sold by the Company during the term of the authorization count towards this limit if and to the extent subscription rights are excluded in accordance with Section 186 Paragraph 3 Sentence 4 AktG or the re-sale occurs in accordance with this provision. If, during the term of the authorization, bonds with warrants, convertible bonds or participation rights or a combination of these instruments are issued under exclusion of subscription rights of the shareholders pursuant to Section 221 Paragraph 4 Sentence 2 in conjunction with Section 186 Paragraph 3 Sentence 4 AktG, shares for which an option or conversion right or obligation or a right in favor of the Company to grant to the holders or creditors, upon final maturity of the bonds or participation rights or at another specific point in time, non-par value shares of the Company instead of payment of the cash amount due (or parts thereof) (share delivery right) exists based on these instruments must also be counted towards this limit.

This caters to the need of the shareholders for dilution protection regarding their investment in accordance with statutory regulations. Due to the limited amount of the capital increase with exclusion of subscription rights, each shareholder may, in principle, purchase the number of shares necessary to preserve its share quota on substantially the same terms and conditions on the stock

exchange. Thus, in the event of utilization of Authorized Capital 2018/I under exclusion of subscription rights, it is ensured that the shareholders' interests regarding their investment as well as their voting rights are adequately preserved in accordance with the legal rationale of Section 186 Paragraph 3 Sentence 4 AktG while the Company is given further flexibility for the benefit of all shareholders.

- Finally, the Executive Board shall be entitled to exclude subscription rights in respect of Authorized Capital 2018/I to the extent that the holders or creditors of option rights or convertible bonds or participation rights issued by the Company or its subordinated affiliated companies in the past or in the future are granted a conversion right or subscription right to new shares in accordance with the relevant terms and conditions of issue or to the extent that a conversion or subscription obligation or a share delivery right exists under such instruments. For easier placement in the capital market, the terms and conditions of bonds with warrants and convertible bonds normally provide for protection against dilution which ensures that holders or creditors of bonds with warrants or convertible bonds or participation rights are granted subscription rights for subsequent share issues. In order to be able to include protection against dilution in the terms and conditions of the relevant bonds with warrants, convertible bonds or participation rights, the subscription rights of the shareholders for these shares need to be excluded. This serves the purpose of easier placement of the issues of bonds with warrants, convertible bonds or participation rights and, thus, the interest of the Company and its shareholders in optimizing the financing structure of the Company.
3. The proposed Authorized Capital 2018/II provides, in addition to the instances set forth in 1., for one further case where an exclusion of subscription rights shall be possible:

- Accordingly, it is to be permissible to exclude subscription rights if the shares are issued against cash contributions in the context of capital increases implemented for the purpose of placement of the shares or of securities representing the shares, such as American Depositary Receipts (ADRs), in the context of a listing or the subsequent placement on a foreign stock exchange. The Company's shares have so far been admitted to trading in the regulated market of one stock exchange in Germany. In addition, ADRs of the Company are traded in the OTCQX market in the U.S. The Company's shares have not been admitted to trading on any other stock exchange or in any other stock exchange segments. The shares and ADRs of the Company are, in particular, not registered in the U.S. under the US Securities Act of 1933.

The Company's business activity has an international focus. This is expected to be reinforced in the future due to the commercialization of Epi proColon® in the U.S., which is currently being pursued after its admission was granted by the FDA in 2016. Against this background, the listing of the Company's shares on one or several foreign stock exchanges, e.g. in the U.S., or the increase in the number of shares of the Company that are admitted to trading or traded on a foreign stock exchange may prove useful in order to attract additional investors to invest in the Company's shares and thus to expand the group of investors. Attracting additional investors may in particular improve the possibilities of raising equity capital in the future, of serving a positive development of the share price and of mitigating volatility. Against this background, a foreign listing of the shares or an increase in the number of shares admitted to trading or traded abroad may also be advantageous for the Company's range of options to take up third party loans by simplifying the raising of debt capital or by enabling the Company to secure more favorable terms for raising debt capital. In the context of the listing or the subsequent placement of shares on a foreign stock exchange, the exclusion of subscription rights not only enables the Company to obtain more flexibility to act but also to list the shares at a near-market issue price without the discount which, in general, is required in connection with the issue of shares with subscription rights, which is also in the interest of the Company and thus of its shareholders. When deciding whether or not to exercise the authorization, the Executive Board will consider the given circumstances in order to determine whether a listing of the Company's shares on a foreign stock exchange or an increase in the number of shares listed abroad and an exclusion of subscription rights for this purpose are in the interest of the Company taking into account the interests of the shareholders. The same applies to determining the terms and conditions for a listing on the stock exchange or a subsequent placement, if any. In this respect, the Executive Board will ensure that the interests of the Company and its shareholders are adequately considered and that adequate consideration

will be obtained by the Company for its new shares. To this end, the Executive Board will take into account in particular the stock exchange price of the shares of the Company and retain third party experts to the extent possible and reasonable in the individual case.

In each individual case, the Executive Board will thoroughly review whether it will make use of the respective authorization to increase the capital under exclusion of shareholders' subscription rights. The Executive Board will make use of this authorization only if the Executive Board and the Supervisory Board, taking into account the terms and conditions of the capital increase, are of the opinion that this is in the interest of the Company and, thus, its shareholders. The Executive Board will report to the General Shareholders' Meeting on each utilization of Authorized Capital 2018/I or of Authorized Capital 2018/II.

Report of the Executive Board on item 8 of the agenda pursuant to Section 221 Paragraph 4 Sentence 2 in connection with Section 186 Paragraph 4 Sentence 2 AktG

Under item 8 of the agenda, the Executive Board and the Supervisory Board propose to the Annual General Shareholders' Meeting to be held on May 30, 2018 to create a new authorization to issue bonds with warrants, convertible bonds, participation rights or a combination of these instruments and to exclude the subscription right.

The Executive Board issues, pursuant to Section 221 Paragraph 4 Sentence 2 in connection with Section 186 Paragraph 4 Sentence 2 AktG, the following written report on the authorization to exclude the subscription right in connection with the new authorization to issue bonds with warrants, convertible bonds, participation rights or a combination of these instruments under item 8 of the agenda:

The proposed new authorization to issue bonds, participation rights or a combination of these instruments in an aggregate nominal amount of up to € 100,000,000.00 as well as the amendment of Conditional Capitals IX and X and the increase of Conditional Capital X to an amount of up to € 9,465,020.00 are intended to broaden the Company's options to finance its activities (as further described below) and to enable the Executive Board, with the consent of the Supervisory Board, to seize flexible and near-term financing opportunities in the interest of the Company, in particular if favorable capital market conditions arise.

The shareholders are, in principle, entitled to a statutory subscription right for bonds with warrants or conversion rights or option or conversion obligations or with a right of the Company to grant to the holders or creditors of the bonds non-par value shares of the Company instead of payment of the cash amount due (or parts thereof) ("share delivery right"), Section 221 Paragraph 4, Section 186 Paragraph 1 AktG. In the case of participation rights, shareholders generally have a statutory subscription right, regardless of whether the participation rights carry option or conversion rights or obligations or a share delivery right. To the extent that shareholders are not granted the possibility to directly subscribe for the bonds or participation rights, the Executive Board may make use of the possibility to issue bonds or participation rights to a credit institution, to a company which is deemed equivalent to a credit institution by statute and by the proposed resolution, or to several, including to a syndicate of, credit institutions and/or equivalent companies, with the obligation to offer the bonds or participation rights to the shareholders in accordance with their subscription rights (indirect subscription right within the meaning of Section 221 Paragraph 4 Sentence 2 in connection with Section 186 Paragraph 5 AktG).

However, according to the proposed resolution, the Executive Board is to be authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in the following circumstances:

1. The authorization provides for the possibility to exclude the subscription right for fractional amounts. This allows for a use of the requested authorization for whole amounts, thereby facilitating the technical implementation of the issue and the handling of the shareholders' subscription rights. Moreover, such fractional amounts are normally of small value to the individual shareholder and the possible dilution effect is generally marginal, too, because of its limitation to fractional amounts. Any bonds or participation rights (or a combination of these instruments) that are excluded from the subscription right on account of fractional amounts are utilized in the Company's best interests. In the opinion of the Executive Board, the exclusion of the subscription right is thus in the best interest of the Company and its shareholders.
2. Furthermore, the proposed resolution includes the authorization to exclude the subscription right in favor of the holders or creditors of previously issued option or conversion rights or obligations and/or bonds or participation rights in respect of which the Company has a share delivery right. The advantage of this is that the option and/or conversion price for previously issued option or conversion rights or obligations or share delivery rights need not be reduced, thereby enabling an altogether higher cash

inflow. This exclusion of the subscription right is thus in the best interest of the Company and its shareholders, too.

3. The Executive Board is further authorized, with the consent of the Supervisory Board, to entirely exclude the shareholders' subscription rights if the bonds with warrants/convertible bonds or the participation rights with warrants/convertible participation rights or the bonds or participation rights with option/conversion obligations or with a share delivery right are issued against cash payment at a price that is not significantly below the market value of these bonds and/or participation rights. This enables the Company to benefit from favorable market conditions very quickly and to obtain better conditions with respect to the interest rate, option and/or conversion price and the issue price of the bonds and/or participation rights by determining the terms and conditions in accordance with prevailing market conditions. If subscription rights were granted, determination of the terms and conditions in accordance with prevailing market conditions and a smooth placement would not be possible. While Section 186 Paragraph 2 AktG allows for a publication of the subscription price (and, thus, publication of the terms and conditions of the bonds and/or participation rights) until the third to last day of the subscription period, taking into account the often volatile stock markets, a market risk exists over several days even in that case, which leads to precautionary discounts when the terms and conditions of the bond and/or participation rights are fixed, and therefore to terms and conditions which do not correspond to market conditions. Also, if a subscription right is granted, there is uncertainty with respect to its exercise (subscription behavior), which constitutes a risk for a successful placement with third parties or causes additional expenses. Moreover, authorizing the Company to exclude subscription rights may facilitate the winning of new investor groups or the placement of the bonds and/or participation rights with a single investor or a small group of investors. This is true in particular even if the investor or investor group is willing to make the investment only subject to the condition of the bonds and/or participation rights acquired by them reaching a certain amount or if the investor or investor group is permitted exclusively to purchase the bonds and/or participation rights. In such a situation, the authorization to exclude the subscription rights allows the Company to fund itself at short notice, quickly, safely and near market terms; in light of the Company's situation and its financing needs, the Executive Board believes it to be in the best interests of the Company if the Company is able to use such possibilities to fund itself. Finally, the Company cannot react quickly to favorable or adverse market conditions if a subscription right is granted due to the length of the subscription period, but is exposed to the possible risk of falling share prices during the subscription period, which might result in situations where equity is raised at unfavorable conditions.

In such case, in which the subscription right is excluded entirely, the provision of Section 186 Paragraph 3 Sentence 4 AktG applies *mutatis mutandis* pursuant to Section 221 Paragraph 4 Sentence 2 AktG. The limit of 10% of the share capital applicable to exclusions of subscription rights provided for in this provision is to be complied with according to the terms of the resolution. The maximum amount of the conditional capital that may be made available to secure option or conversion rights or obligations or a share delivery right may not exceed 10% of the share capital existing when the authorization to exclude the subscription right pursuant to Section 186 Paragraph 3 Sentence 4 AktG takes effect. The authorization resolution contains a corresponding requirement which also ensures that the 10% limit will not be exceeded even in the case of a capital decrease, as the authorization to exclude the subscription right explicitly must not exceed 10% of the share capital, neither when the authorization takes effect nor – if such value is lower – when the authorization granted is exercised. Treasury shares which are disposed of according to Section 71 Paragraph 1 No. 8 in conjunction with Section 186 Paragraph 3 Sentence 4 AktG as well as the new shares that are issued in case of a capital increase against cash contributions under an exclusion of the subscription right pursuant to Section 186 Paragraph 3 Sentence 4 AktG or pursuant to Section 203 in conjunction with Section 186 Paragraph 3 Sentence 4 AktG will count towards this limit if the disposal and/or issuance occurs during the term of this authorization and prior to an issuance of bonds or participation rights without subscription right pursuant to Section 221 Paragraph 4 Sentence 2, Section 186 Paragraph 3 Sentence 4 AktG; they consequently reduce the number of shares that may be issued based on the authorization under exclusion of subscription rights pursuant to Section 221 Paragraph 4 Sentence 2, Section 186 Paragraph 3 Sentence 4 AktG. The same applies to shares for which option or conversion rights or obligations or share delivery rights in favor of the Company exist under bonds with warrants or convertible bonds or participation rights that have been issued by the Company or its subordinated affiliated companies during the term of this authorization on the basis of other authorizations with exclusion of the

subscription right pursuant to Section 221 Paragraph 4 Sentence 2 in conjunction with Section 186 Paragraph 3 Sentence 4 AktG. Such shares, too, will count towards the 10% limit.

It further results from Section 186 Paragraph 3 Sentence 4 AktG that the issue price must not be significantly below the stock market price. This is to prevent a significant economic dilution of the value of the shares. Whether such a dilution effect occurs in case of the issuance of bonds or participation rights without subscription right can be determined by calculating the hypothetical market value of the bond and/or participation right based on recognized, particularly financial mathematical, methods and by comparing this value with the issue price of the bond and/or participation right. If this issue price – after due examination – is not more than insignificantly lower than the hypothetical stock market price at the time when the bonds and/or participation rights are issued, the exclusion of the subscription right is permissible based on the rationale of Section 186 Paragraph 3 Sentence 4 AktG because of the merely insignificant discount. The proposed resolution therefore provides that the Executive Board – prior to the issuance of the bonds and/or participation rights and after due examination in accordance with its legal duties – must have come to the conclusion that the proposed issue price of the bonds and/or participation rights does not lead to any significant dilution of the value of the shares, as the issue price of the bonds and/or participation rights is not significantly below the hypothetical market value calculated pursuant to recognized, in particular financial mathematical methods. As a result, the arithmetical market value of a subscription right would be reduced to nearly zero such that no significant economic disadvantage can arise for the shareholders due to the exclusion of the subscription right. All this ensures that no significant dilution of the value of the shares will result from the exclusion of the subscription right.

In addition, the shareholders have the opportunity to maintain their pro rata share in the share capital of the Company even after the exercise of option or conversion rights or after the point in time when option or conversion obligations are to be fulfilled or a share delivery right is exercised, by purchasing shares on the stock market at any time. In contrast, the authorization to exclude the subscription right enables the Company to determine terms and conditions in accordance with prevailing market conditions, to achieve maximum security with respect to the possibility to place the bonds and/or participation rights with third parties and to benefit from a quick utilization of favorable market situations.

4. To the extent that participation rights are to be issued without option or conversion rights or obligations and without a share delivery right, the Executive Board is authorized, with the consent of the Supervisory Board, to entirely exclude the shareholders' subscription right if these participation rights have bond-like characteristics, i.e. do not confer membership rights in the Company, do not provide for a participation in the liquidation proceeds or the amount of interest is not calculated based on the annual surplus, the distributable profit or the dividend. In this context, a cap on interest based on the annual surplus, the distributable profit, the dividend or any other ratio determined by reference to these benchmarks shall not be deemed a dependent calculation within the meaning of the preceding sentence. In addition, interest and issue price of the participation rights must correspond to current market terms prevailing at the time of issuance. If these conditions are fulfilled, the exclusion of the subscription right does not result in any disadvantages to the shareholders, as the participation rights do not confer membership rights and no share in the liquidation proceeds or in the profit of the Company.

The issue amount of the new shares must in any case be equivalent to at least 70 % of the stock exchange price determined timely upon issuance of the bonds and/or participation rights. If the subscription right is not only excluded for fractional amounts, the option and/or conversion price may, in case of option/conversion rights or, as the case may be, option/conversion obligations or a share delivery right of the Company, amount to 70% or more of the average stock exchange price of the Company's share before exercise of the option or conversion right or, as the case may be, issuance of the shares, even if such price is lower than the minimum price referred to in the preceding sentence. This option allows the Company to successfully place the bonds or participation rights on the conditions most favorable to the Company based on the market conditions existing at the time of their issuance.