

Compensation report

The remuneration of the members of the Management Board consist of fixed compensation paid in twelve equal monthly installments. In addition, an annual performance-related bonus payment is provided for the Management Board members, which must be linked to the long-term performance of the Company in accordance with the German Act on the Appropriateness of Management Board Compensation. Furthermore, a long-term compensation component is in place through participation in the Company's stock option program and stock appreciation rights (SAR) program.

The total Management Board compensation in fiscal 2020 as well as the total number of stock options issued to the members of the Management Board as of December 31, 2020 are as follows:

Term	Prof. Dr. Hermann Lübbert CEO		Thomas Schaffer CFO		Christoph Dünwald CCO	
	Feb 1, 1998	incumbent	June 1, 2013	Feb 28, 2021	Nov 16, 2015	Jan 31, 2020
	2020	2019	2020	2019	2020	2019
in EUR thousands (unless otherwise indicated)						
Fixed component of compensation	322	350	244	257	23	275
Compensation in kind	9	16	13	12	1	16
Total fixed compensation	331	366	257	269	24	291
Short-term incentive (variable, STI)	-	167	-	154	50	140
Long-term incentive (variable, LTI), thereof from						
Stock options (maturity May 13, 2025)						
Fair value of options granted	-	37	-	25	-	25
Income from exercising stock options	86	149	54	-	72	-
Stock Appreciation Rights (SARs) (maturity May 3, 2030)						
Fair value of SARs	290	-	218	-	-	-
Income from exercising SARs	-	-	-	-	-	-
Total LTI	376	186	271,5	25	72	25
Total performance-based compensation	376	353	271,5	179	122	165
Total compensation	707	719	529	448	146	456
Number of stock options (Dec 31)	164,495	244,495	100,000	150,000	-	150,000
Number of stock options granted	-	14,495	-	10,000	-	10,000
Fair value when granted	-	414	-	255	-	255
Number of SARs (Dec 31)	200,000	-	150,000	-	-	-
Number of SARs granted	200,000	-	150,000	-	-	-
Fair value when granted	290	-	218	-	-	-

After his departure from the Management Board, Mr. Christoph Dünwald received remuneration as a former executive member in the amount of EUR 137 thousand for the period from February to November.

The fixed component of Prof. Dr. Lübbert's compensation amounts to 47% (previous year: 51%) and that of Mr. Schaffer to around 49% (previous year: 60%) of total compensation. The fixed compensation of Mr. Dünwald amounts to approximately 16% (previous year: 64%).

The Management Board members are also provided with company cars for private use. In addition, the Company contributes to the costs of private health, pension and long-term care insurance up to the maximum amount of the respective employer's contribution limit, insofar as corresponding insurance policies actually exist and corresponding costs are incurred. The existing service agreements provide that - depending on the achievement of defined targets - an annual bonus is to be granted. If targets are exceeded, the maximum amount of the annual bonus is limited (cap). If targets are missed by up to 70%, the bonus payment is reduced on a straight-line basis; if targets are missed by more, the bonus payment is not paid at all. The assessment factors (2019: revenue (30%), earnings after tax (20%), achievement of break-even in Q4-2019 (20%), completion of patient recruitment in the BCC study (20%), completion of the clinical phase of the peripheral study (10%)) are mutually agreed at the end of each fiscal year for the following fiscal year in a performance target agreement. The aforementioned performance criteria set for 2019 were not achieved and thus no bonus payment was granted in fiscal year 2020.

Severance payments in the event of premature termination of a Management Board member's contract without serious cause are limited to a total of two annual salaries, but not more than the total compensation entitlement for the remaining term of the contract at the time of departure ("severance payment cap").

The maximum compensation of the Management Board members from the fixed and one-year performance-related compensation (bonus) amounts to EUR 520 thousand for Prof. Dr. Lübbert and EUR 390 thousand for Thomas Schaffer. With regard to the maximum compensation under the multi-year variable compensation, we refer to the following explanations on the stock option program and SAR program.

In order to further increase the long-term incentive effect of the variable compensation and consequently its focus on sustainable corporate development, the members of the Management Board have committed themselves to holding ordinary shares in the Company as private assets for stock options granted under the 2015 stock option program. This commitment is for a period of three years beginning one month after the issue date of the options ("blocked shares"). The amount of the personal commitment varies for the individual Management Board members. If restricted shares are sold prematurely, which must be reported to the Chairman of the Supervisory Board without delay, the Company may demand the retransfer of a corresponding number of stock options free of charge within one month of notification of the sale, whereby the options granted last are always to be retransferred (last in first out). A retransfer is not possible if the Management Board member can demonstrate that the sale of the restricted shares was necessary to meet urgent financial obligations. The range of exercise prices for outstanding options is between EUR 2.25 and EUR 6.708, the range of fair value of outstanding options is between EUR 1.00 and EUR 2.55. After expiry of the respective vesting period, the option rights may be exercised up to the end of six years after the respective issue date (exclusive).

As a long-term performance component, members of the Management Board are granted stock appreciation rights ("SARs") under their service agreements, starting in the 2020 financial year (long-term incentive, "LTI"). An annual target amount of 150% of the STI ("short-term incentive") target amount ("LTI target amount") has been agreed. The number of SARs granted each year is equal to the LTI target amount divided by the economic value of the SARs at the time they are granted. SARs subject to vesting requirements may not be exercised if and to the extent that the gross proceeds from all exercised SARs granted to the Management Board Chairman would exceed the gross fixed compensation actually received by the Management Board member since the first grant of SARs by more than 300% without this limit.

To the extent that terms and conditions of the SAR program provide for a personal investment, it is agreed, in deviation from any SAR terms and conditions, that the personal investment must be made without fail within six months of the exercise date

in the amount of 25% of the payout amount (gross) and that the acquired shares in the Company may not be sold for at least four years after the granting of the SARs.

For the purpose of further increasing the long-term incentive effect of the variable compensation and thus its focus on sustainable corporate development, members of the Management Board undertake to acquire up to 100,000 shares in the Company and to hold them until the end of their service agreement (share ownership guideline). However, the total acquisition cost (including incidental acquisition costs) to be borne by the Management Board member is limited per fiscal year to an amount equivalent to 25% of the target achievement bonus granted to him for the previous fiscal year.

Management Board members are required to invest 25% of the target achievement bonus received in the previous year in shares until the total acquisition of 100,000 shares per member of the Management Board has been reached.

Lock-up periods in respect of acquired shares of the Company imposed on the Chair of the Management Board in connection with the above sections shall end when the Company announces, after the Chair of the Management Board has left the Company, that the listing of the shares on the regulated market in Germany will be terminated.

Furthermore, the Supervisory Board may, at its discretion, grant the member of the Management Board a special bonus in certain exceptional and justified cases, but not exceeding an amount of EUR 50,000 (gross) per fiscal year.