Prospectus

for the public offering in Germany and Luxembourg

of

7,484,190 newly issued no-par bearer shares (shares without nominal value) (*Stückaktien*) resulting from the capital increase against cash contributions and/or contribution in kind with the subscription rights of shareholders resolved by the Executive Management Board on 3 November 2017 with the approval of the Supervisory Board on 3 November 2017 effected by utilising authorised capital

and

for the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 7,484,190 newly no-par bearer shares (shares without nominal value) (*Stückaktien*) resulting from the capital increase against cash contributions and/or contribution in kind with the subscription rights of shareholders resolved by the Executive Management Board on 3 November 2017 with the approval of the Supervisory Board on 3 November 2017 effected by utilising authorised capital

– each such share with a nominal value of EUR 1.00
and full dividend rights as of 1 December 2016
ISIN: DE000A11QVV0 / WKN: A11QVV –

as well as

for the public offering in Germany and Luxembourg

of

convertible bonds with zero coupon interest in the total nominal amount of EUR 14,968,380.00, divided into 14,968,380 notes in the nominal amount of EUR 1.00 per note, resolved on 3 November 2017 by the Executive Management Board of the Company with the approval of the Company's Supervisory Board of the same day and based on the authorisation of the annual general meeting dated on the 20 July 2017

– ISIN: DE000A2GSZA0 / WKN: A2G SZA –

of

Heidelberg Pharma AG, Ladenburg

International Securities Identification Number (ISIN): DE000A11QVV0
German Securities Code (*Wertpapierkennnummer, WKN*): A11QVV
Common Code: WL6
Trading Symbol: WL6

Sole Bookrunner: Baader Bank AG, Unterschleissheim

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SUMMARY OF THE PROSPECTUS CONCERNING THE NEW SHARES

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A to E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

A - INTRODUCTION AND WARNING NOTICE		
A.1	**Warning notice.**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Germany (formerly WILEX AG, Grillparzerstrasse 18, 81675 Munich, Germany) ("**Heidelberg Pharma**", the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiary Heidelberg Pharma Research GmbH, "**Heidelberg Pharma Research**", the "**Heidelberg Pharma Group**" or the "**Group**", formerly WILEX Group) and Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Germany ("**Baader Bank**") have assumed responsibility for the content of this summary and its translation pursuant to Section 5 (2b) no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz - WpPG*). Those persons, who are responsible for the summary, including any translation thereof, or for the issuing (*Erlass*), can be held liable but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Agreement to the use of the prospectus by financial intermediaries.**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or final placement of securities by financial intermediaries has not been granted.
B - ISSUER		
B.1	**Legal and commercial term.**	Issuer of the securities is Heidelberg Pharma AG. The Company's commercial name is "Heidelberg Pharma".
B.2	**Seat, legal form, governing law, country of incorporation.**	The Company has its registered office in Ladenburg, Germany. The Company is a stock corporation incorporated in Germany and governed by German law and is registered with the commercial register maintained by the local court of Mannheim under HRB 728735.
B.3	**Nature of the issuer's current operations and principal activities, including the principal factors therefor, main products and/or service categories, principle markets of the issuer.**	Heidelberg Pharma is a biopharmaceutic company with one consolidated subsidiary active in the field of oncology. Heidelberg Pharma Group's Antibody Targeted Amanitin Conjugate ("**ATAC**") technology aims at creating novel therapeutics to fight cancer. The Group licenses its technology to other companies but also builds a proprietary portfolio of ATAC compounds, all of which are in preclinical stage. The Group and its partners aim at applying this technology to different cancer types by using different antibodies with distinguished binding properties. Furthermore, the Company has a legacy portfolio of clinical anti-cancer and cancer

		diagnostic drugs with studies in clinical phase II and III, two of which it has licensed to other companies for further development. In addition, the Group is offering some preclinical pharmacology services.
B.4a	**Most significant recent trends affecting the issuer and the industries in which it operates.**	The recent progress in research and development on cancer constantly provides new scientific insights into the complexity of cancer biology. On the other hand, there is still a huge medical need to improve treatment options in oncology. This paves the way for constant development of medical treatments, which translate scientific progress into new drugs. By experience, there is no "magic bullet" for cancer treatment, but combinations of existing and new therapies are increasingly successful. Therefore, the new wave of immuno-oncological approaches may be synergistic with or paralleled by new and more effective targeted therapies like ATAC technology. Thus enabling the Company to win an attractive share in the constantly growing market of cancer therapies.
B.5	**Description of the group and the issuer's position within the group.**	As of the date of the Prospectus the Heidelberg Pharma Group consists of the Issuer as the parent company and Heidelberg Pharma Research GmbH (formerly Heidelberg Pharma GmbH and renamed to Heidelberg Pharma Research GmbH on 1 August 2017) as a fully consolidated subsidiary.
B.6	**Persons who, directly or indirectly, have an interest in the issuer's capital or voting rights which are notifiable according to German regulations.**	**Ultimate Shareholder** / **Direct Shareholder** / **Shareholding in %** Dietmar Hopp / DH-Holding GmbH & Co. KG (6.25%) and dievini Hopp BioTech holding GmbH & Co. KG (59.56%)[1)] / 66.96 UCB Pharma S.A. / UCB Pharma S.A. / 7.56 [1)] Of the voting rights held by Dietmar Hopp, 6.25% are attributed through DH-Holding GmbH & Co. KG and further 59.56% are attributed through dievini Hopp BioTech holding GmbH & Co. KG pursuant to Section 22 para. 1 no. 1 of the German Securities Trading Act.
	Whether the issuer's major shareholders have different voting rights.	Each share provides for one vote at the General Meeting of the Company. There are neither restrictions on voting rights nor different voting rights existing.
	Whether a direct or indirect interest in or control over the issuer exists, who holds such interest or exercises control over the issuer respectively and what type of control is exercised.	The shareholdings of Mr Dietmar Hopp, including the companies he controls, exceed the 50% threshold. He is the majority shareholder and can exercise far-reaching control over Heidelberg Pharma and its subsidiary or can exert significant influence over the Company. Therefore the Issuer is a dependent company within the meaning of section 17 (1) of the German Stock Corporation Act because a majority of its shares are held by DH-Holding GmbH & Co. KG and its affiliated companies (dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH), all of which represent the same general interests of the investor, Mr Dietmar Hopp.
B.7	**Selected key historical financial information.**	The Company prepared its consolidated financial statements as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315a (I) of the German Commercial Code (*Handelsgesetzbuch*, "**HGB"**) as well as its unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 in accordance with IFRS on interim financial reporting (IAS 34). Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Reichskanzler-Müller-Straße 25, 68165 Mannheim, Germany ("**Deloitte**") has audited the consolidated financial statements of the Company

as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, and in each case issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*). Each audit opinion contains an emphasis of matter paragraph (see. B.10 below).

Unless otherwise indicated, the following selected financial information as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 labeled as "audited" has been taken from the Company's above-mentioned audited consolidated financial statements, while the following selected financial information labeled as "unaudited" has been taken from the Company's above-mentioned unaudited interim consolidated financial statements or is based on calculations of figures from the above-mentioned sources.

SELECTED FIGURES FROM THE CONSOLIDATED BALANCE SHEETS

	30 November			31 August
	2016	**2015**	**2014**	**2017**
		(audited) in EUR		**(unaudited) in EUR**
ASSETS				
Property, plant and equipment	1,266,847	985,053	1,052,891	1,289,767
Intangible assets	2,842,216	2,867,070	2,948,199	2,823,083
Goodwill	6,111,166	6,111,166	6,111,166	6,111,166
Financial Assets	0	0	1,777,083	0
Other non-current assets	31,350	69,980	230,277	51,278
Non-current assets	**10,251,579**	**10,033,268**	**12,119,616**	**10,275,294**
Inventories	190,238	279,168	189,710	177,437
Prepayments	41,888	22,451	74,334	25,214
Trade receivables	91,343	366,749	177,359	125,530
Other receivables	92,042	94,604	272,033	17,787
Cash and cash equivalents	4,574,382	1,305,697	2,196,808	4,490,755
Current assets	**4,989,894**	**2,068,669**	**2,910,244**	**4,836,722**
Total assets	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**
EQUITY AND LIABILITIES				
Subscribed capital	12,927,564	9,305,608	7,818,876	14,968,380
Capital reserve	191,076,991	188,033,840	185,364,837	194,107,396
Accumulated losses	-194,248,324	-187,859,290	-181,307,673	-201,867,435
Equity	**9,756,231**	**9,480,158**	**11,876,040**	**7,208,341**
Pension obligations	7,130	5,210	0	7,130
Other non-current liabilities	0	0	3,048	0
Non-current liabilities	**7,130**	**5,210**	**3,048**	**7,130**
Trade payables	132,063	279,205	276,618	660,748
Lease liabilities	0	0	77,482	0
Provisions	408,201	468,528	730,509	408,201
Other current liabilities	1,189,819	1,868,837	2,066,162	2,948,396
Financial liabilities	3,748,028	0	0	3,879,200
Current liabilities	**5,478,112**	**2,616,569**	**3,150,771**	**7,896,545**
Total equity and liabilities	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**

SELECTED FIGURES FROM THE CONSOLIDATED INCOME STATEMENTS

	Fiscal year ended 30 November			Nine months ended 31 August

	2016	2015	2014	2017	2016
		(audited) in EUR		(unaudited) in EUR	
Sales revenue	1,362,137	2,283,864	3,596,634	1,392,594	1,103,741
Other income	1,381,320	1,637,574	1,413,104	235,205	1,169,237
Income	**2,743,458**	**3,921,438**	**5,009,738**	**1,627,798**	**2,272,979**
Cost of sales	-809,061	-1,139,865	-1,354,564	-576,621	-541,582
Research and development costs	-6,119,032	-4,444,590	-5,571,952	-6,407,359	-4,281,764
Administrative costs	-1,954,236	-4,512,150	-3,176,893	-1,985,909	-1,387,814
Other expenses	- 222,159	-341,337	-482,765	-109,169	-173,780
Operating expenses	**-9,104,488**	**-10,437,941**	**-10,586,174**	**-9,079,059**	**-6,384,940**
Operating result	**-6,361,030**	**-6,516,503**	**-5,576,436**	**-7,451,261**	**-4,111,962**
Finance income	1,161	3,166	86,851	0	1,034
Finance costs	- 19,719	-545	-118,073	-167,850	-1,691
Financial result	**- 18,559**	2,621	**-31,222**	**-167,850**	**-657**
Earnings before tax	**-6,379,589**	**-6,513,881**	**-5,607,658**	**-7,619,111**	-4,112,619
Income Taxes	-9,445	-37,736	-93,191	0	-9,434
Net loss for the period	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Comprehensive income	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**

SELECTED FIGURES FROM THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended 30 November			Nine months ended 31 August	
	2016	2015	2014	2017	2016
		(audited,) in EUR		(unaudited) in EUR	
Net loss for the year	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Adjustment for items in the statement of comprehensive income	**386,057**	**2,716,871**	**1,224,116**	**482,982**	**310,097***
Changes in balance sheet items	**-531,378**	**-962,388**	**-2,031,808**	**2,468,050**	**-348,272***
Cash flow from operating activities	**-6,534,355**	**-4,797,135**	**-6,508,542**	**-4,668,079**	**-4,160,228**
Net cash flow from operating activities	**-6,534,884**	**-4,796,042**	**-6,620,125**	**-4,704,757**	**-4,161,597**
Net cash flow from investing activities	**-537,869**	**-207,026**	**-195,797**	**-332,867**	**-450,166**
Net cash flow from financing activities	**10,334,970**	**4,101,907**	**-38,444**	**4,974,977**	**6,586,942**
Influence of foreign exchange effects on cash and cash equivalents	6,468	10,048	131,111	-20,979	-11,529
Net change in cash and cash equivalents	**3,268,685**	**-891,111**	**-6,723,256**	**-83,627**	**1,963,650**
Cash and cash equivalents at beginning of period	1,305,697	2,196,808	8,920,064	4,574,382	1,305,697
Cash and cash equivalents at end of period	4,574,382	1,305,697	2,196,808	4,490,755	3,269,347

*revised

Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical	In fiscal year 2015 sales revenue of Heidelberg Pharma Group decreased by 36% to EUR 2,284 thousand ("**k**") (2014: EUR 3,597 k) and together with the other income amounting to EUR 1,638 k (2014: EUR 1,413 k) the total income amounted to EUR 3,921 k (2014: EUR 5,010 k). Heidelberg Pharma Group's operating result (earnings before interest and taxes "EBIT") amounted to EUR -6,517 k in 2015 (2014: EUR -5,576 k) and the net loss for the fiscal year 2015 increased to EUR 6,552 k (2014: EUR 5,701 k). At 30

	key financial information.	November 2015, Heidelberg Pharma Group's cash and cash equivalents decreased to EUR 1,306 k compared to EUR 2,197 k at 30 November 2014. In fiscal year 2016 Heidelberg Pharma Group posted sales revenue of EUR 1,362 k (2015: EUR 2,284 k) and other income of EUR 1,381 k (2015: EUR 1,638 k) leading to total income of EUR 2,743 k (2015: EUR 3,921 k). Heidelberg Pharma Group showed an operating result (EBIT) of EUR -6,361 k (2015: EUR -6,517 k) in the 2016 fiscal year. The net loss for the Group slightly decreased by 2% to EUR 6,389 k for the fiscal year 2016 compared to 2015 (2015: EUR 6,552 k). The Group's cash and cash equivalents inreased to EUR 4,574 k at the end of the fiscal year 2016 (30 November 2015: EUR 1,306 k). In the first nine months of the fiscal year 2017, Heidelberg Pharma Group's total income was EUR 1,628 k and the operating result (EBIT) was EUR -7,451 k. The Group's net loss was EUR 7,619 k. At the end of the third quarter of the fiscal year 2017, Heidelberg Pharma Group's cash and cash equivalents amounted to EUR 4,491 k (30 November 2016: EUR 4,574 k). On 9 October 2017 the Company adjusted its guidance for the current fiscal year. Sales revenues are downward on the one hand due to deferred revenue arising under the agreement with Takeda Pharmaceutical Company Limited, as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health Co. Since 31 August 2017 cash and cash equivalents have decreased according to plan in the ordinary course of business. With the exception of the aforementioned, there have been no significant changes to the issuer's financial condition and operating results since 31 August 2017 to the date of the Prospectus.
B.8	**Selected key pro forma financial information.**	Not applicable. No pro forma financial information has been prepared by the Company.
B.9	**Profit forecast or estimate.**	On the basis of developments to date in the fiscal year ending 30 November 2017, the Company currently anticipates earnings before interest and taxes (EBIT) loss between EUR 9.0 and EUR 11.0 milllion ("**m**") for Heidelberg Pharma Group for the current fiscal year 2017.
B.10	**Qualifications in the audit report on the historical financial information.**	Deloitte has audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB"**) and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer*) the consolidated financial statements of the Issuer as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, as well as the unconsolidated annual financial statements of the Issuer as of and for the fiscal year ended 30 November 2016. In each case an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) was issued. However, the audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 contains the following emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the*

		planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized" The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 contains the following emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized."* The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 contains the following emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in section 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH, the realisation of value from the development candidates of Wilex AG and the completion of the restructuring measures as scheduled. Should the planning assumptions made turn out to be inappropriate in terms of amount or timing and/or should WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardised."*
B.11	**Insufficient working capital of the issuer for the payment of outstanding claims.**	Heidelberg Pharma is of the opinion that the Group does not have sufficient working capital to meet its present requirements and cover its working capital needs for a period of at least twelve months following the date of the Prospectus. In case the Group is not able to attract any extra funds, but continues business under normal circumstances, Heidelberg Pharma may run out of working capital in April 2018. To cover a period of at least twelve months following the date of the Prospectus, additional working capital in an amount of approximately EUR 15 m is required. In order to remedy this working capital shortfall and to finance the growth and development of its business, the Company is conducting the offering of the New Shares. In the event that Heidelberg Pharma is not able to raise sufficient funds from offering the New Shares, the Company considers alternative funding such as debt financing from its principal shareholders, additional partnerships with pharmaceutical companies such as sale or licensing of Heidelberg Pharma's lead developing candidate HDP-101 and a general reduction of costs. Heidelberg Pharma believes that the measures described above will allow the Group to have sufficient working capital for at least the next twelve months. However if the cash inflows described will not be achievable, if one or more of these actions do not materialise

		in time or if the measures in aggregate do not generate sufficient additional funding, Heidelberg Pharma may not be able to meet its future payment obligations. In this case, the Company may enter into administration.
C - SECURITIES		
C.1	**A description of the type and class of the securities being offered and/ or admitted to trading, including any security identification number.**	The offering relates to 7,484,190 ordinary bearer shares with no par value (*Stückaktien*) with a notional interest in the registered share capital of EUR 1.00 and full dividend rights as of 1 December 2016 ("**New Shares**"), which shall be admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). ISIN of the New Shares: DE000A11QVV0 WKN of the New Shares: A11QVV Trading Symbol of the New Shares: WL6
C.2	**Currency of the securities issue.**	Euro
C.3	**The number of shares issued and fully paid and issued but not fully paid.** **The par value per share, or that the shares have not par value.**	The 14,968,380 shares of the Company are ordinary bearer shares with no par value (*Stückaktien*) representing a proportional share of the capital of EUR 1.00 per share. The share capital is fully paid in.
C.4	**A description of the rights attached to the securities.**	Each New Share entitles the shareholder to one vote at the General Meeting (*Hauptversammlung*) of the Company. There are no restrictions on the voting rights. The New Shares carry full dividend rights as from 1 December 2016.
C.5	**A description of any restrictions on the free transferability of the securities.**	Not applicable. The New Shares are freely transferable.
C.6	**An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated market and the identity of all the regulated markets where the securities are or are to be traded.**	It is expected that application will be made on 15 November 2017 for the admission of the New Shares to trading on the regulated market segment of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The admission is expected to take place on 23 November 2017 and the inclusion of the New Shares in the existing listing of the shares of the Company on 24 November 2017.
C.7	**A description of dividend policy.**	In view of the current earnings situation, the Issuer will not distribute a dividend. In the medium-term, the Issuer will invest available funds in the development of the growth and development of its business. Dividend distributions are therefore not likely for the time being.
D - RISKS		
D.1	**Key information on the**	**The following risks contain a number of increased risks, including, but not limited to, risks relating to the Group's funding. As a result of the potential materialisation**

	key risks that are specific to the issuer or its industry.	**of these risks Heidelberg Pharma and/or Heidelberg Pharma Research may be required to file for insolvency. In this event Heidelberg Pharma's shareholders could suffer a total loss in the value of their shares. The risks relating to the Group's funding include, but are not limited to, the fact that the Group – if it is not able to attract additional short-term funds in the form of proceeds from this offering – will run out of working capital in April 2018 and not have sufficient liquidity to conduct its business in the future.** **Financial risks** • Heidelberg Pharma does not have sufficient working capital to meet its liquidity requirements during the next twelve months and may not be able to raise sufficient funds. • The Group may fail to achieve profitability in the medium term and may not be able to meet its payment obligations. • The Group may not be able to obtain additional debt or equity funding to finance its business operations, which could ultimately force it to commence liquidation proceedings or file for bankruptcy • The potential impairment of assets may negatively affect the financing ability of the Group. • The allowance of tax losses carried forward may be restricted. • The proceeds of the offering may not provide Heidelberg Pharma with sufficient funds. • Heidelberg Pharma has had a history of losses, it expects to incur additional losses in the future and it may never achieve profitability. **Operational risks** • The Group is substantially dependent on the success of ATAC technology, its leading product, on which the Group has focused a substantial part of its business and financial resources and currently only has one major licensing agreement for its development. • If the development of its ATAC technology or drug products such as its BCMA (B-cell maturation antigens) antibodies project with the Max Delbrück Center were discontinued, significantly delayed or shut down prior to their ultimate commercialization or market launch, it would have a material adverse effect on the Group's business. • Heidelberg Pharma faces considerable risks from the product development and its technology. • Official approval for marketing current and future drug candidates may be denied or only granted after considerable delay. • The Company largely depends on licensing agreements with third-parties, especially its licensing agreement for ATAC technology with Professor Heinz Faulstich and the German Cancer Research Center (DKFZ) for the development of its ATAC technology and the license agreement with the relating to antibodies for its drug candidate HDP-101. The termination of either of these licensing agreements would materially adversely affect the Company's business, may force it to stop its development of ATAC technology and/or its drug candidate HDP-101 and ultimately require the Company to commence liquidation proceedings or file for bankruptcy. • The Group depends on contract manufacturing organisations for the supply of the ingredients for, and manufacture of, its drug products, the loss of which could materially adversely affect its business. • Service providers the Group collaborates with may default or could have quality or capacity problems. • It is uncertain whether Heidelberg Pharma Group's drug products will ultimately be

		successfully launched in the market. **External risks** • The Group faces competition from established competitors and expects to face competition from others in the future. The Group may not be successful in competing in the overall biomedical market. **Strategic risks** • The Group will be dependent on licensing partners to commercialize its products, the failure of which could delay or prevent the successful launch of its products. **Other risks** • The Group faces legal risks including from US litigation. • The Group may fail to comply with existing governmental regulations and the risk management and internal controls may not prevent or detect violations of law, and compliance breaches which may result in substantial penalties and/or additional costs. • Lease agreement for the premises in Ladenburg may be terminated short-noticed.
D.3	**Key information on the key risks that are specific to the securities.**	• The stock exchange price and trading volume of Heidelberg Pharma shares, including the New Shares, may be subject to significant fluctuations. • The Company will not be in a position to pay out dividends in the foreseeable future. Shareholders must therefore rely on an increase in the Heidelberg Pharma share price to achieve a return on their investment. • An interest held in the Company may be diluted by future capital measures or the exercise of stock options or the exercise of convertible bonds. • Future selling of Heidelberg Pharma shares by existing or future shareholders may have a negative impact on the stock exchange price of the Company's shares. • The shares held by shareholders who do not participate in the offering of the New Shares may be significantly diluted. • The share capital increase may not be registered with the Company's commercial register and thus no New Shares would be created.
E - OFFER		
E.1	**The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.**	The Company is targeting the placement of all New Shares and gross proceeds of approximately EUR 19 m to EUR 23 m. The costs relating to the offering and admission of the New Shares (assuming gross proceeds of EUR 21 m) are expected to amount to approximately EUR 900 k. The subscription price per subscribed New Share is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt

		Stock Exchange.
E.2a	**Reasons for the offer, use of the estimated net amount of the proceeds.**	The Company intends to use the envisaged net proceeds resulting from the sale of the New Shares in the amount of approximately EUR 20.1 m (assuming gross proceeds of EUR 21 m and costs of EUR 0.9 m) to repay shareholder loans and to finance the growth and development of its business. The Company intends to use the net proceeds from the offering of the New Shares of approximately EUR 20.1 m (assuming gross proceeds of EUR 21 m and costs of EUR 0.9 m) for the working capital shortfall in an amount of approximately EUR 15 m to achieve a working capital of twelve months after the date of the Prospectus. Such amount relates to the funds the Company intends to spend on and for the further development of the ATAC technology and the completion of the Good Manufacturing Practice (GMP) process for selected Amanitin derivatives and the BCMA antibody as well as the linker toxin moieties in the first twelve months after the date of the Prospectus. The intended use of the total net proceeds (including the EUR 15 m working capital for the first twelve months) breaks down in detail as follows: Approximately EUR 5 to 7 m shall be used to finance basic research and development as well as sales and administration costs in 2018. A further EUR 5 to 6 m are planned to be invested in the completion of the GMP process development and manufacturing of the BCMA antibody, the toxin-linker and the combined ATAC molecule to provide an industrial scale manufacturing by external service-manufacturing providers. Furthermore, approx. EUR 1 to 2 m of the net proceeds from the offering of the New Shares are intended to be spent for the development of a diagnostic assay to explore the potential of a companion diagnostic approach that could possibly support the treatment with ATAC compounds in the future. Approximately EUR 1 m will be used to screen follow-up pipeline projects. Finally, an amount of EUR 3.9 m will be used to reduce financial liabilities by converting the shareholder loan granted by dievini Hopp BioTech holding GmbH & Co KG, Walldorf, ("**dievini**") including interest as part of the contribution in kind. Any remaining net proceeds are dedicated to general corporate purposes, to increase equity and to enhance financial and strategic flexibility. The Company intends to use these net proceeds from the offering of the New Shares to this end in addition to the part of the net proceeds from the offering of the new notes.
E.3	**A description of the terms and conditions of the offer.**	The New Shares will be issued by way of a capital increase against cash and/or in kind contributions with indirect subscription rights (*Bezugsrechte*) of the shareholders of the Company resolved by the Company's Executive Management Board on 3 November 2017 with the approval of the Supervisory Board of the same day. The capital increase shall be effected by utilising the Company's authorised capital resolved at the annual General Meeting on 20 July 2017 and registered with the Company's commercial register on 10 August 2017 which currently amounts to EUR 7,484,190.00 ("**Authorised Capital 2017/I**"). The New Shares are created by way of a so called "mixed share capital increase against contributions in cash and/or in kind". The major shareholder dievini is entitled to subscribe for a part of its subscription rights New Shares with a notional interest in the registered share capital of EUR 1.00 per New Share against payment in kind (contribution of its repayment claim (including interest) resulting out of the loan agreement dated 11 October 2016 concluded between dievini and the Company which will amount on 20 November 2017 to an amount of EUR 3,928,933.33). The exact amount of New Shares dievini is entitled to subscribe for against payment in kind is calculated by dividing the amount of EUR 3,928,933.33 by the Subscription Price; in the event of a fractional

		amount the number of New Shares shall be rounded down. For subscription of the remaining amount of New Shares all shareholders (including dievini) are admitted against payment in cash; thereby dievini can subscribe for New Shares against contributions in cash only insofar as it has not used its subscription rights as outlined above by way of a contribution in kind. With the Supervisory Board's approval, the Executive Management Board has set the issue price for the New Shares at EUR 1.00 per New Share and resolved to grant an indirect subscription right to the shareholders. Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim ("**Baader Bank**"), on the basis of and subject to the conditions set forth in an underwriting agreement concluded on 3 November 2017 ("**Underwriting Agreement New Shares**"), has undertaken to offer the New Shares during the subscription period at a ratio of 2:1 to the shareholders for subscription, that is one New Shares may be subscribed for two existing shares ("**Subscription Offer**"). dievini has indicated its general willingness to participate in the funding measure comprising the capital increase regarding the New Shares and the issuance of new notes, in any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire New Shares and new notes not subscribed for in connection with the capital increase and the issuance of new notes. **Rump Share Placement** New Shares not subscribed for, if any, shall, on the basis of the conditions set forth in the Underwriting Agreement New Shares, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and in private placements in the United States to "qualified institutional buyers" ("**QIBs**") as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act, for the Subscription Price. **Subscription Period** The subscription rights for the New Shares shall be exercised from 7 November 2017 (including) until 20 November 2017 24:00 hrs (CET) during regular office hours via their custodian bank with Baader Bank as central settlement agent. In accordance with the subscription ratio, one New Share may be subscribed for two existing ordinary non-par value bearer shares at a subscription price as defined below. It is also possible to subscribe for single New Shares. Subscription rights not exercised within the subscription period will lapse; compensation is not provided for. An over-subscription regarding the New Shares will also not be provided for. **No subscription rights trading** Trading of subscription rights (ISIN DE000A2GSZB8/WKN A2G SZB) is neither arranged by the Company nor by Baader Bank and is not provided for. Nor will an application be made at a stock exchange for a determination of the price for the subscription rights. **Subscription Price** The subscription price per subscribed New Share is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG

		with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The subscription price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (*Bundesanzeiger*) presumably on 17 November 2017. **Payment of the subscription price** Holders of subscription rights who wish to exercise their subscription right shall have to pay the final subscription price to Baader Bank as central settlement agent via their custodian bank upon exercising their subscription right, at the latest, however, until the end of the subscription period (20 November 2017 24:00 hrs). A timely receipt of payment of the final subscription price per New Share within the subscription period is prerequisite for a valid exercise of the subscription right for the respective New Shares. **Securitisation and delivery of the New Shares** The delivery of the New Shares can be effected only after the registration of the implementation of the capital increase with the Company's commercial register. The registration of the implementation of the capital increase is expected to be effected until 22 November 2017. There is no guarantee that the registration of the implementation of the capital increase will be effected until that date. After the registration of the capital increase with the commercial register, the New Shares shall be securitised in one global note and deposited with Clearstream Banking AG, Eschborn, presumably on 22 November 2017. The delivery of the New Shares shall take place on 24 November 2017. A claim to securitization does not exist. The New Shares are booked to the securities deposit accounts of the shareholders who have exercised their subscription rights **Trading of the New Shares** The New Shares have dividend rights starting 1 December 2016. The admission to trading of the New Shares on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) is expected to be effected on 23 November 2017. The listing of the New Shares (ISIN DE000A11QVV0/WKN A11QVV) is planned for 24 November 2017. Delays in the registration of the implementation of the capital increase or the subsequent admission to trading and thus in the delivery of the New Shares cannot be excluded. The admission to trading and the delivery of the New Shares would then be effected at a later date than the one mentioned above. **Notice to US Investors** This Prospectus has been prepared pursuant to rules and requirements other than those promulgated under the US federal securities laws, and may not contain disclosures customary, expected or required in registered securities transactions pursuant to the US Securities Act and the applicable rules and requirements thereunder. In particular, this Prospectus may not provide a prospective U.S. investor with all of the financial information typically found in a US transaction of this nature to make an investment decision in the New Shares. Any U.S. investor considering an investment should take this

		into consideration and ensure that it has reviewed all possible risks and all necessary disclosure on the Company before making an investment in the New Shares. The distribution of this Prospectus into jurisdictions other than Germany and Luxembourg may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. **Selling Restrictions** The New Shares and subscription rights have not been and will not be registered under the Securities Act nor with the securities regulatory authorities of any state of the United States of America and may not be offered, sold or otherwise transferred or, in case of the subscription rights, exercised, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933. They are also not offered for subscription in Australia, Canada, Japan or South Africa. The acceptance of this offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg may be subject to restrictions. Persons wishing to accept the offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg are asked to inform themselves on restrictions existing outside the Federal Republic of Germany and the Grand Duchy of Luxembourg and to take these into account. **Realisation of New Shares not subscribed for** Neither the Company nor Baader Bank are obliged to realise New Shares not subscribed for. The underwriting commitment of Baader Bank pursuant to the Underwriting Agreement New Shares exists only to the extent that subscription rights are exercised and New Shares are purchased within the framework of the private placement by any other investor than dievini. dievini will itself subscribe directly for all shares it assumes. The capital increase shall be effected only to such extent that shareholders of the Company validly exercise their subscription rights and the private placement is effected. If the capital increase cannot be fully effected, it is possible that the relative share in the actual issue volume of each shareholder exercising his/her subscription right increases accordingly.
E.4	**A description of any interest that is material to the issue/offer including conflicting interests.**	Baader Bank entered into the Underwriting Agreement New Shares on 3 November 2017 with the Company and dievini in connection with this offering. Therefore, Baader Bank accompanies and advises the Company in the offering of the New Shares and the respective admission to trading of the New Shares. Also Baader Bank participates in the marketing of the New Shares in the intended private placements in Europe and outside the United States in reliance on Regulation S under the Securities Act and in private placements in the United States to QIBs as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act. Based on this Underwriting Agreement New Shares, Baader Bank receives a commission and other payments upon successful completion of the offering and the private placement. The major shareholder dievini is entitled to subscribe for a part of its subscription rights New Shares with a notional interest in the registered share capital of EUR 1.00 per New Share against payment in kind (contribution of its repayment claim (including interest) resulting out of the loan agreement dated 11 October 2016 concluded between dievini and the Company which will amount on 20 November 2017 to an amount of EUR 3,928,933.33). The exact amount of New Shares dievini is entitled to subscribe for against payment in kind is calculated by dividing the amount of EUR 3,928,933.33 by the Subscription Price; in the event of a fractional amount the number of New Shares shall be

		rounded down. dievini, therefore has an interest in the implementation of the capital increase which is the subject matter of the offering of the New Shares. Holders of the New Shares have an interest in the admission of their New Shares to trading due to the tradability in the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).
E.5	**Name of the person or entity offering to sell the security.**	The New Shares are being offered for sale by Heidelberg Pharma
	Lock-up agreements: the parties involved; and indication of the period of the lock-up.	Pursuant to the Underwriting Agreement New Shares concluded on 3 November 2017 between the Company, Baader Bank and dievini, the Company has agreed that it will not, without the prior written consent of Baader Bank, for a period of six months after the listing of the New Shares on the stock exchange • purchase or sale shares of the Company or enter into other commitments with an economically similar content; • announce or implement any capital increase from authorized capital (*genehmigtes Kapital*); • submit a resolution for any capital increase to the General Meeting (*Hauptversammlung*); • issue convertible or options bonds (*Wandel- oder Optionsschuldverschreibungen*); • enter into any transaction or act in a way that is similar to the actions listed above. This does not apply (a) to the issuance of the new notes, (b) to the issuance or sale, as applicable, of shares or other securities issued under employee participation programs or stock option plans to the employees and/or members of the Executive Management Board of the Company or its subsidiaries as well as (c) to the issuance of shares against contributions in kind directly to contractual partners in connection with any acquisition, equity investment or joint venture. The necessary consent of Baader Bank shall not be unreasonably withheld.
E.6	**The amount and percentage of immediate dilution resulting from the offer. In case of a subscription offer to the existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.**	Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of the ownership of the Company's share capital following the capital increase. To the extent the shareholders do not exercise their subscription rights to the New Shares, and assuming all New Shares will be issued, each shareholder's share in the Company would decrease by approximately 33.3%. The net carrying amount of the Group amounted to approximately EUR 7,208 k or to approximately EUR 0.48 per share (calculated on the basis of the number of 14,968,380 issued shares of the Company). The net carrying amount of the Heidelberg Pharma Group is calculated on the basis of the unaudited consolidated interim financial statements ended 31 August 2017 by deducting the amount of the total liabilities as of 31 August 2017 (EUR 7,904 k) from the amount of total assets as of 31 August 2017 (EUR 15,112 k). Assuming (i) the capital increase against cash contributions and contribution in kind is consummated in full and (ii) the net proceeds (assuming gross proceeds of approximately EUR 21 m less estimated costs of approximately EUR 0.9 m relating to the offering of the New Shares) amount to approximately EUR 20.1 m, the net carrying amount of the Heidelberg Pharma Group as of 31 August 2017 would have amounted to approximately EUR 27,308 k or to approximately EUR 1.22 per share (calculated on the basis of the number of 22,452,570 issued shares of the Company after the consummation of the capital increase). This would result in an increase of the net carrying amount of Heidelberg Pharma Group

		by approximately EUR 0.73 per share and by approximately 153% per share for existing shareholders. There would be an immediate dilution of EUR 1.59 per share or approximately 57% for the purchasers of the New Shares.
E.7	**Estimated expenses charged to the investor by the issuer or the offeror.**	Not applicable. Neither the Company nor Baader Bank will charge any expenses to the investors. For the subscription of New Shares, the custodian banks shall charge the usual commission to the account of the shareholders exercising their subscription right.

ZUSAMMENFASSUNG DES PROSPEKTS HINSICHTLICH DER NEUEN AKTIEN

Zusammenfassungen bestehen aus Veröffentlichungspflichten, die als "Elemente" bezeichnet werden. Diese Elemente sind in den nachfolgenden Abschnitten A bis E (A.1 bis E.7) aufgezählt. Diese Zusammenfassung enthält alle Elemente, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten enthalten sein müssen. Da einige Elemente für die vorliegende Art des Wertpapiers und/oder der Emittentin nicht relevant sind und daher nicht gemacht werden müssen, können Lücken in der Aufzählungsreihenfolge der Elemente bestehen. Auch wenn ein Element in der Zusammenfassung für diese Art von Wertpapieren und Emittenten enthalten sein muss, kann es sein, dass keine relevante Information im Hinblick auf die Elemente gemacht werden kann. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung der Elemente mit dem Hinweis "entfällt".

A - EINLEITUNG UND WARNHINWEISE		
A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einführung zu diesem Wertpapierprospekt (der "**Prospekt**") verstanden werden. Bei jeder Anlageentscheidung sollte sich der Anleger auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Heidelberg Pharma AG, geschäftsansässig: Schriesheimer Strasse 101, 68526 Ladenburg, Deutschland, (vormals Wilex AG, Grillparzerstrasse 18, 81675 München) ("**Heidelberg Pharma**", die "**Gesellschaft**" oder die "**Emittentin**" und zusammen mit ihrer konsolidierten Tochtergesellschaft Heidelberg Pharma Research GmbH, "**Heidelberg Pharma Research**", die "**Heidelberg Pharma Gruppe**" oder die "**Gruppe**", vormals die WILEX Gruppe) und Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Deutschland, (die "**Baader Bank**") übernehmen gemäß § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes (das "**WpPG**") die Verantwortung für den Inhalt dieser Zusammenfassung einschließlich etwaiger Übersetzungen hiervon. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich der Übersetzung hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Zustimmung zur Verwendung des Prospekts durch Finanzintermediäre.**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre ist nicht erteilt worden.
B - EMITTENT		
B.1	**Juristische und kommerzielle Bezeichnung.**	Emittentin der Wertpapiere ist die Heidelberg Pharma AG. Im geschäftlichen Verkehr verwendet die Gesellschaft auch die kommerzielle Bezeichnung "Heidelberg Pharma".
B.2	**Sitz, Rechtsform, geltendes Recht, Land der Gründung.**	Die Gesellschaft hat ihren Sitz in Ladenburg, Deutschland. Die Gesellschaft ist eine nach dem deutschen Recht gegründete und bestehende Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts Mannheim unter der Registernummer HRB 728735.
B.3	**Art der derzeitigen Geschäftstätigkeit und**	Heidelberg Pharma ist ein im Bereich der Onkologie tätiges biopharmazeutisches Unternehmen mit einer konsolidierten Tochtergesellschaft. Mit der Antibody Targeted

	Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren, Hauptprodukt- und/oder -dienstleitungs-kategorien, Hauptmärkte, auf denen der Emittent vertreten ist.	Amanitin Conjugate (Antikörper-Amanitin-Konjugatge) ("**ATAC**") Technologie beabsichtigt die Gruppe, neue Therapeutika im Kampf gegen Krebs zu entwickeln. Die Gruppe lizensiert ihre Technologie an andere Unternehmen aus und baut ein eigenes proprietäres Portfolio von ATAC-Technologien auf, welche sich allesamt in der präklinischen Phase befinden. Durch Verwendung verschiedener Antikörper mit unterschiedlichen Bindungseigenschaften beabsichtigen die Gruppe und ihre Partner die Anwendung dieser Technologie auf verschiedene Krebsarten. Darüber hinaus verfügt die Gesellschaft über ein Altportfolio an klinischen Krebstherapeutika und -diagnostika mit Studien in der klinschen Phase II und III, wovon sie zwei Kandidaten zur weiteren Entwicklung an andere Unternehmen auslizensiert hat. Zusätzlich bietet die Gruppe präklinische pharmakologische Dienstleistungen an.
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Jüngste Fortschritte in der Forschung und Entwicklung im Kampf gegen Krebs gewähren neue wissenschaftliche Einblicke in die Komplexität der Krebsbiologie. Dabei besteht weiterhin ein enormer medizinischer Bedarf zur Weiterentwicklung der Behandlungsoptionen in der Onkologie. Dies ebnet den Weg für kontinuierliche Entwicklung von medizinischen Behandlungen, um den wissenschaftlichen Fortschritt in neue Medikamente umzusetzen. Die Erfahrung hat gezeigt, dass kein Allheilmittel in der Krebstherapie existiert, allerdings zeigen sich Kombinationen aus bestehenden und neuen Therapieansätzen als immer erfolgreicher. Daher könnte die neue Innovationswelle von immun-onkologischen Ansätzen synergetisch zu oder neben den neuen und effektiveren gezielten Therapien wie die ATAC Technologie stehen und es so der Gesellschaft ermöglichen, einen attraktiven Anteil an dem konstant wachsenden Markt von Krebstherapien zu erhalten.
B.5	**Beschreibung der Gruppe und Stellung des Emittenten innerhalb dieser Gruppe.**	Zum Datum des Prospektes besteht die Heidelberg Pharma Gruppe aus der Emittentin als Muttergesellschaft und Heidelberg Pharma Research GmbH (ehemals Heidelberg Pharma GmbH, die am 1. August 2017 in Heidelberg Pharma Research GmbH umbenannt wurde) als voll konsolidierte Tochtergesellschaft.
B.6	**Personen, die eine direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte halten, die nach deutschen Vorschriften meldepflichtig sind.**	**Mittelbarer Aktionär** / **Unmittelbarer Aktionär** / **Beteiligung in %** Dietmar Hopp / DH-Holding GmbH & Co. KG (6,25%) und dievini Hopp BioTech holding GmbH & Co. KG (59.56%)[1)] / 66,96 UCB Pharma S.A. / UCB Pharma S.A. / 7,56 [1)] Herrn Dietmar Hopp werden 6,25% der Stimmrechte über die DH-Holding GmbH & Co. KG und weitere 59,56% der Stimmrechte über die dievini Hopp BioTech holding GmbH & Co. KG gem. § 22 Abs. 1Nr. 1 WpHG zugerechnet.
	Angabe, ob die Hauptanteilseigner des Emittenten unterschiedliche Stimmrechte haben.	Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen des Stimmrechts und es existieren keine unterschiedlichen Stimmrechte.
	Angaben ob an dem Emittenten unmittelbare oder mittelbare Beteiligungen oder	Der Aktienbesitz von Herrn Dietmar Hopp inklusive von ihm kontrollierter Unternehmen liegt über der Schwelle von 50 %. Er ist Mehrheitsaktionär und kann die Heidelberg Pharma und ihre Tochtergesellschaft weitgehend kontrollieren bzw. einen merklichen Einfluss auf die Gesellschaft ausüben. Daher ist die Heidelberg Pharma ein abhängiges

	Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist.	Unternehmen im Sinne des § 17 Abs. 1 AktG, da es im Mehrheitsbesitz der DH-Holding GmbH & Co. KG und von mit ihr verbundenen Unternehmen (dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH) steht, welche allesamt einer gleich gerichteten Interessenlage vom Investor, Herrn Dietmar Hopp, zuzuordnen sind.
B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die Gesellschaft hat ihre Konzernabschlüsse für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 gemäß den International Financial Reporting Standards, wie sie in der EU anzuwenden sind ("**IFRS**") und den ergänzenden handelsrechtlichen Vorschriften des deutschen Handelsgesetzbuches ("**HGB**") nach § 315a Absatz 1 HGB erstellt. Der ungeprüfte Konzernzwischenabschluss für den Neun-Monats-Zeitraum endend zum 31. August 2017 wurde nach den Bestimmungen der IFRS für Zwischenberichterstattung (IAS 34) erstellt. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Reichskanzler-Müller-Straße 25, 68165 Mannheim, ("**Deloitte**") hat die Konzernabschlüsse der Gesellschaft für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 geprüft und jeweils einen uneingeschränkten Bestätigungsvermerk erteilt. Jeder Bestätigungsvermerk enthält jeweils einen ergänzenden Hinweis (s. B.10 unten). Sofern keine anderweitigen Hinweise bestehen, wurden die nachfolgend ausgewählten Finanzdaten der Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014, welche als "geprüft" bezeichnet wurden, aus den oben genannten Konzernabschlüssen der Gesellschaft entnommen. Hingegen wurden die nachfolgend ausgewählten Finanzdaten, welche als "ungeprüft" bezeichnet sind, aus dem oben genannten ungeprüften Konzernzwischenabschluss entnommen, oder sie basieren auf Kalkulationen aus den oben genannten Quellen.

AUSGEWÄHLTE ZAHLEN AUS DEN KONZERN-BILANZEN

	30. November			31. August
	2016	**2015**	**2014**	**2017**
		(geprüft) in EUR		**(ungeprüft) in EUR**
VERMÖGENSWERTE				
Sachanlagen	1.266.847	985.053	1.052.891	1.289.767
Immaterielle Vermögenswerte	2.842.216	2.867.070	2.948.199	2.823.083
Geschäfts- oder Firmenwert	6.111.166	6.111.166	6.111.166	6.111.166
Finanzielle Vermögenswerte	0	0	1.777.083	0
Sonstige langfristige Vermögenswerte	31.350	69.980	230.277	51.278
Langfristige Vermögenswerte	**10.251.579**	**10.033.268**	**12.119.616**	**10.275.294**
Vorräte	190.238	279.168	189.710	177.437
Geleistete Vorauszahlungen	41.888	22.451	74.334	25.214
Forderungen aus Lieferungen und Leistungen	91.343	366.749	177.359	125.530
Sonstige Forderungen	92.042	94.604	272.033	17.787
Zahlungsmittel und Zahlungsmitteläquivalente	4.574.382	1.305.697	2.196.808	4.490.755
Kurzfristige Vermögenswerte	**4.989.894**	**2.068.669**	**2.910.244**	**4.836.722**
Summe Vermögenswerte	**15.241.473**	**12.101.937**	**15.029.860**	**15.112.017**
EIGENKAPITAL UND VERBINDLICHKEITEN				

Gezeichnetes Kapital	12.927.564	9.305.608	7.818.876	14.968.380
Kapitalrücklage	191.076.991	188.033.840	185.364.837	194.107.396
Kumulierte Verluste	-194.248.324	-187.859.290	-181.307.673	-201.867.435
Eigenkapital	**9.756.231**	**9.480.158**	**11.876.040**	**7.208.341**
Pensionsverpflichtungen	7.130	5.210	0	7.130
Sonstige langfristige Verbindlichkeiten	0	0	3.048	0
Langfristige Verbindlichkeiten	**7.130**	**5.210**	**3.048**	**7.130**
Verbindlichkeiten aus Lieferungen und Leistungen	132.063	279.205	276.618	660.748
Verbindlichkeiten aus Leasingverhältnissen	0	0	77.482	0
Rückstellungen	408.201	468.528	730.509	408.201
Sonstige kurzfristige Verbindlichkeiten	1.189.819	1.868.837	2.066.162	2.948.396
Finanzielle Verbindlichkeiten	3.748.028	0	0	3.879.200
Kurzfristige Verbindlichkeiten	**5.478.112**	**2.616.569**	**3.150.771**	**7.896.545**
Summe Eigenkapital und Verbindlichkeiten	**15.241.473**	**12.101.937**	**15.029.860**	**15.112.017**

AUSGEWÄHLTE ZAHLEN AUS DEN KONZERN-GEWINN- UND VERLUSTRECHNUNGEN

	Geschäftsjahr endend zum 30. November			**Neun Monate endend zum 31. August**	
	2016	**2015**	**2014**	**2017**	**2016**
		(geprüft) in EUR		**(ungeprüft) in EUR**	
Umsatzerlöse	1.362.137	2.283.864	3.596.634	1.392.594	1.103.741
Sonstige Erträge	1.381.320	1.637.574	1.413.104	235.205	1.169.237
Erträge	**2.743.458**	**3.921.438**	**5.009.738**	**1.627.798**	**2.272.979**
Herstellungskosten	-809.061	-1.139.865	-1.354.564	-576.621	-541.582
Forschungs- und Entwicklungskosten	-6.119.032	-4.444.590	-5.571.952	-6.407.359	-4.281.764
Verwaltungskosten	-1.954.236	-4.512.150	-3.176.893	-1.985.909	-1.387.814
Sonstige Aufwendungen	- 222.159	-341.337	-482.765	-109.169	-173.780
Betriebliche Aufwendungen	**-9.104.488**	**-10.437.941**	**-10.586.174**	**-9.079.059**	**-6.384.940**
Betriebsergebnis	**-6.361.030**	**-6.516.503**	**-5.576.436**	**-7.451.261**	**-4.111.962**
Finanzierungserträge	1.161	3.166	86.851	0	1.034
Finanzierungsaufwendungen	- 19.719	-545	-118.073	-167.850	-1.691
Finanzergebnis	**- 18.559**	2.621	**-31.222**	**-167.850**	**-657**
Ergebnis vor Steuern	**-6.379.589**	**-6.513.881**	**-5.607.658**	**-7.619.111**	-4.112.619
Ertragsteuern	-9.445	-37.736	-93.191	0	-9.434
Jahresergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**
Gesamtergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**

AUSGEWÄHLTE ZAHLEN AUS DEN KONZERN-KAPITALFLUSSRECHNUNGEN

	Geschäftsjahr endend zum 30. November			**Neun Monate endend zum 31. August t**	
	2016	**2015**	**2014**	**2017**	**2016**
		(geprüft) in EUR		**(ungeprüft) in EUR**	

	Jahresergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**
	Anpassungen für Posten der Gesamtergebnisrechnung	**386.057**	**2.716.871**	**1.224.116**	**482.982**	**310.097***
	Veränderungen der Bilanzposten	**-531.378**	**-962.388**	**-2.031.808**	**2.468.050**	**-348.272***
	Cash Flow aus der betrieblichen Geschäftstätigkeit	**-6.534.355**	**-4.797.135**	**-6.508.542**	**-4.668.079**	**-4.160.228**
	Nettomittelveränderung aus der betrieblichen Geschäftstätigkeit	**-6.534.884**	**-4.796.042**	**-6.620.125**	**-4.704.757**	**-4.161.597**
	Nettomittelveränderung aus der Investitionstätigkeit	**-537.869**	**-207.026**	**-195.797**	**-332.867**	**-450.166**
	Nettomittelveränderung aus der Finanzierungstätigkeit	**10.334.970**	**4.101.907**	**-38.444**	**4.974.977**	**6.586.942**
	Einfluss von Wechselkurseffekten auf die Zahlungsmittel	6.468	10.048	131.111	-20.979	-11.529
	Nettoveränderung an Zahlungsmitteln und Zahlungsmitteläquivalenten	**3.268.685**	**-891.111**	**-6.723.256**	**-83.627**	**1.963.650**
	Zahlungsmittel und Zahlungsmitteläquivalente am Periodenanfang	1.305.697	2.196.808	8.920.064	4.574.382	1.305.697
	Zahlungsmittel und Zahlungsmitteläquivalente zum Periodenende	4.574.382	1.305.697	2.196.808	4.490.755	3.269.347

* geändert

Erhebliche Änderung der Finanzlage und des Betriebsergebnisses des Emittenten in oder nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum	Im Geschäftsjahr 2015 sind die Umsatzerlöse der Heidelberg Pharma Gruppe um 36% auf TEUR 2.284 (2014: TEUR 3.597) gesunken und führten zusammen mit den sonstigen Erträgen in Höhe von TEUR 1.638 (2014: TEUR 1.413) zu Gesamterträge von TEUR 3.921 (2014: TEUR 5.010). Das Betriebsergebnis (EBIT) der Heidelberg Pharma Gruppe belief sich im Jahr 2015 auf TEUR -6.517 (2014: TEUR -5.576) und der Jahresfehlbetrag erhöhte sich auf TEUR 6.552 im Geschäftsjahr 2015 (2014: TEUR 5.701). Zum 30. November 2015 hat sich der Bestand an liquiden Mitteln der Gruppe auf TEUR 1.306 verringert, verglichen mit TEUR 2.197 zum 30. November 2014. Im Geschäftsjahr 2016 erzielte die Heidelberg Pharma Gruppe Umsatzerlöse von TEUR 1.362 (2015: TEUR 2.284) und sonstige Erträge in Höhe von TEUR 1.381 (2015: TEUR 1.638) und damit Gesamterträge von TEUR 2.743 (2015: TEUR 3.921). Das Betriebergebnis (EBIT) der Heidelberg Pharma Gruppe wies ein operatives Ergebnis von TEUR -6.361 (2015: TEUR -6.517) für das Geschäftsjahr 2016 aus. Der Jahresfehlbetrag der Gruppe konnte im Jahr 2016 leicht um 2% auf TEUR 6.389 gegenüber dem Vorjahr (2015: TEUR 6.552) verringert werden. Die liquiden Mittel der Gruppe haben sich am Ende des Geschäftsjahres 2016 auf TEUR 4.574 (30. November 2015: TEUR 1.306) erhöht. In den ersten neun Monaten des Geschäftsjahres 2017 betrugen die Gesamterträge der Heidelberg Pharma Gruppe TEUR 1.628 und das Betriebsergebnis (EBIT) TEUR -7.451. Der Jahresfehlbetrag betrug TEUR 7.619. Am Ende des dritten Quartals des Geschäftsjahrs 2017 betrugen die Zahlungsmittel und Zahlungsmitteläquivalente der Heidelberg Pharma Gruppe TEUR 4.491 (30. November 2016: TEUR 4.574). Am 9. Oktober 2017 hat die Gesellschaft ihre Gewinnprognose für das laufende Geschäftsjahr angepasst. Hintergrund für die Absenkung der Umsatzprognose ist zum einen die Umsatzabgrenzung aus dem Vertrag mit Takeda Pharmaceutical Company Limited, bei der die erste Zahlung zugunsten kommender Quartale verteilt werden musste. Außerdem gibt es eine Verschiebung der Meilensteinzahlungen von Link Health Co. Seit 31. August 2017 sind die Zahlungsmittel und Zahlungsmitteläquivalente im Rahmen des

		normalen Geschäftsverlaufs plangemäß zurückgegangen. Mit Ausnahme des Vorgenannten, waren ab dem 31. August 2017 bis zum Datum dieses Prospekts keine erheblichen Änderungen der Finanzlage und des Betriebsergebnisses der Emittentin zu verzeichnen.
B.8	**Ausgewählte wesentliche Pro-forma-Finanzinformationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen aufgestellt.
B.9	**Gewinnprognosen oder -schätzungen.**	Basierend auf den derzeitigen laufenden Entwicklungen im Geschäftsjahr endend zum 30. November 2017 erwartet die Gesellschaft gegenwärtig ein negatives Ergebnis vor Zinsen und Steuern (Earnings Before Interest and Taxes, EBIT) der Heidelberg Pharma Gruppe von EUR 9 Mio. bis EUR 11 Mio. für das laufende Geschäftsjahr 2017.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Deloitte hat in Übereinstimmung mit § 317 HGB und den vom Institut der Wirtschaftsprüfer veröffentlichten deutschen Prüfungsstandards die Konzernabschlüsse der Emittentin für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 und den Jahresabschluss der Emittentin für das Geschäftsjahr endend zum 30. November 2016, erstellt nach handelsrechtlichen Vorschriften (HGB), geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen. Allerdings enthält der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2016 den folgenden ergänzenden Hinweis: *"Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt "7 Risikobericht", Unterabschnitte "Bestandsgefährdende Risiken", "Finanzierungsrisiken" und "Gesamtbeurteilung der Risikolage" des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie der Heidelberg Pharma GmbH und der planmäßigen Umsetzung der Finanzierungsstrategie abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich der Höhe oder des Zeitpunkts finanzieller Zuflüsse als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht."* Der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2015 enthielt den folgenden ergänzenden Hinweis: *"Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt "7 Risikobericht", Unterabschnitte "Bestandsgefährdende Risiken", "Finanzierungsrisiken" und "Gesamtbeurteilung der Risikolage" des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie der Heidelberg Pharma GmbH und der planmäßigen Umsetzung der Finanzierungsstrategie abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich der Höhe oder des Zeitpunkts finanzieller Zuflüsse als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht."* Der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2014 enthielt den folgenden ergänzenden Hinweis: *"Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt "7 Risikobericht", Unterabschnitte "Bestandsgefährdende Risiken", "Finanzierungsrisiken"*

		und "Gesamtbeurteilung der Risikolage" des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie der Tochtergesellschaft Heidelberg Pharma GmbH, der Verwertung der Entwicklungskandidaten der Wilex AG und dem planmäßigen Abschluss der Restrukturierungsmaßnahmen abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich Höhe oder Zeitpunkt als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht."
B.11	**Unzureichendes Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen.**	Heidelberg Pharma ist der Auffassung, dass die Gruppe nicht ausreichend Geschäftskapital hat, um ihre gegenwärtigen Bedürfnisse und ihren Bedarf an Geschäftskapital für die nächsten zwölf Monate ab Datum dieses Prospekts zu decken. Ist die Gruppe nicht in der Lage, zusätzliche finanzielle Mittel einzuholen, und führt sie den Geschäftsbetrieb normal weiter, könnte der Heidelberg Pharma das Geschäftskapital im April 2018 ausgehen. Um eine Periode von mindestens zwölf Monaten ab Datum dieses Prospekts abzudecken, ist weiteres Geschäftskapital in Höhe von ca. EUR 15 Mio erforderlich. Um diesem Liquiditätsengpass entgegenzuwirken und das weitere Wachstum und die Entwicklung ihres Geschäfts zu finanzieren, führt die Gesellschaft das Angebot der Neuen Aktien durch. Sollte Heidelberg Pharma nicht genügend finanzielle Mittel aus dem Angebot der Neuen Aktien einwerben können, erwägt die Gesellschaft hierzu zusätzliche alternative Finanzierungen wie die Aufnahme weiterer Verbindlichkeiten bei dem Hauptaktionär, weitere Verpartnerungen mit pharmazeutischen Unternehmen durch Verkauf oder Lizenzierung des Hauptentwicklungskandidaten HDP-101 sowie weitere Kostenreduktionen. Heidelberg Pharma ist der Auffassung, dass die vorstehend genannten Maßnahmen ausreichen, um den Bedarf an Geschäftskapital der Gruppe für mindestens die nächsten zwölf Monate zu sichern. Sollten jedoch die Mittelzuflüsse wie beschrieben nicht erreicht werden, wenn eine oder mehrere dieser Maßnahmen nicht rechtzeitig greifen oder die Maßnahmen insgesamt nicht die benötigten zusätzlichen finanziellen Mittel generieren, ist es möglich, dass Heidelberg Pharma seinen zukünftigen Zahlungsverpflichtungen nicht mehr nachkommen kann. In diesem Fall könnte die Gesellschaft gezwungen sein, Insolvenz anzumelden.
C - WERTPAPIERE		
C.1	**Beschreibung von Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere, einschließlich jeder Wertpapierkennung.**	Gegenstand des Angebots sind 7.484.190 auf den Inhaber lautenden Stückaktien mit einem anteiligen Betrag des Grundkapitals in Höhe von EUR 1,00 und mit Dividendenberechtigung ab dem 1. Dezember 2016 ("**Neue Aktien**"), die zum Regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des Regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) zugelassen werden sollen. ISIN der Neuen Aktien: DE000A11QVV0 WKN der Neuen Aktien: A11QVV Tickersymbol der Neuen Aktien: WL6
C.2	**Währung der Wertpapieremission.**	Euro
C.3	**Zahl der ausgegebenen und voll eingezahlten**	Die 14.968.380 Aktien der Gesellschaft sind auf den Inhaber lautende Stückaktien mit einem anteiligen rechnerischen Betrag am Grundkapital in Höhe von EUR 1,00. Das

	Aktien und der ausgegebenen, aber nicht voll eingezahlten Aktien. **Nennwert pro Aktie bzw. Angabe, dass die Aktien keinen Nennwert haben.**	Grundkapital wurde voll einbezahlt.
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte.**	Jede Neue Aktie gewährt dem Aktionär in der Hauptversammlung der Gesellschaft eine Stimme. Beschränkungen des Stimmrechts bestehen nicht. Die Neuen Aktien sind mit voller Dividendenberechtigung ab dem 1. Dezember 2016 ausgestattet.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die Neuen Aktien sind frei übertragbar.
C.6	**Angabe, ob für die angebotenen Wertpapiere die Zulassung zum Handel an einem geregelten Markt beantragt wurde bzw. werden soll, und Nennung aller geregelten Märkte, an denen die Wertpapiere gehandelt werden oder werden sollen.**	Die Zulassung der Neuen Aktien zum Regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des Regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse wird voraussichtlich am 15. November 2017 beantragt. Der Zulassungsbeschluss wird voraussichtlich am 23. November 2017 und die Einbeziehung der Neuen Aktien in die bestehende Notierung der Aktien der Gesellschaft wird voraussichtlich am 24. November 2017 erfolgen.
C.7	**Beschreibung der Dividendenpolitik.**	Aufgrund der derzeitigen Ertragssituation wird die Emittentin keine Dividenden ausschütten. Mittelfristig wird die Emittentin die zur Verfügung stehenden Mittel in das Wachstum und die Entwicklung ihres Geschäfts investieren. Die Ausschüttung einer Dividende ist somit zunächst nicht zu erwarten.
D - RISIKEN		
D.1	**Zentrale Angaben zu den zentralen Risiken, die dem Emittenten oder seiner Branche eigen sind.**	**Die folgenden Risiken enthalten mehrere erhöhte Risiken, einschließlich, aber nicht hierauf beschränkt, Risiken in Bezug auf die Finanzierung der Gruppe. Eine potentielle Verwirklichung dieser Risiken könnte Heidelberg Pharma und/oder Heidelberg Pharma Research dazu zwingen, ein Insolvenzverfahren zu beantragen. In diesem Fall würden die Aktionäre der Heidelberg Pharma einen totalen Wertverlust ihrer Aktien erleiden. Die Risiken in Bezug auf die Finanzierung der Gruppe umfassen, ohne hierauf beschränkt zu sein, die Tatsache, dass die Gruppe – sofern sie nicht in der Lage ist, zusätzliche kurzfristige Mittel in Form von Erlösen aus diesem Angebot einzuwerben – im April 2018 nicht mehr ausreichend Geschäftskapital und Liquidität haben wird, um ihr Geschäft in der Zukunft weiterführen zu können.** **Finanzierungsrisiken** • Heidelberg Pharma hat nicht ausreichend Geschäftskapital, um ihre Liquiditätsanforderungen innerhalb der nächsten zwölf Monate erfüllen zu können und ist möglicherweise nicht in der Lage, ausreichend Mittel einzuwerben. • Die Gruppe ist möglicherweise nicht in der Lage, mittelfristig profitabel zu sein und ihren Zahlungsverpflichtungen nachzukommen. • Die Gruppe ist möglicherweise nicht in der Lage, zusätzliche Fremdkapital- oder Eigenkapitalmittel zur Finanzierung ihrer Geschäftstätigkeit einzuwerben, was die Gesellschaft zur Einleitung eines Liquidationsverfahrens oder die Anmeldung der Insolvenz zwingen könnte.

		• Eine mögliche Wertminderung von Vermögenswerten könnte die Finanzierungsfähigkeit der Gruppe negativ beeinflussen. • Die Anerkennung von steuerlichen Verlustvorträgen könnte eingeschränkt sein. • Die Erlöse aus dem Angebot könnten der Heidelberg Pharma nicht ausreichen. • Heidelberg Pharma verzeichnete in der Vergangenheit Verluste, erwartet weitere Verluste in der Zukunft und es ist nicht gesichert, dass die Gesellschaft irgendwann Gewinne erzielen wird. **Operative Risiken** • Die Gruppe hängt in signifikanter Weise vom Erfolg der ATAC-Technologie als ihrem führenden Produkt ab, auf den die Gruppe einen substantiellen Teil ihres Geschäfts sowie ihrer finanziellen Ressourcen fokussiert hat und für das derzeit nur ein bedeutender Lizenzvertrag für die Entwicklung besteht. • Sollte die Entwicklung der ATAC-Technologie oder ihrer Produktkandidaten wie das BCMA(B-cell maturation antigens)-Antikörper-Projekt mit dem Max Delbrück Zentrum eingestellt, signifikant verzögert oder vor ihrer Kommerzialisierung oder Vermarktung stillgelegt werden, hätte dies erhebliche negative Auswirkungen auf das Geschäft der Gruppe. • Die Heidelberg Pharma Gruppe ist erheblichen Risiken in Bezug auf die Entwicklung ihrer Produkte und ihrer Technologie ausgesetzt. • Die behördlichen Zulassungen von derzeitigen und zukünftigen Produktkandidaten könnte ganz versagt oder nur mit erheblichen Verzögerungen erteilt werden. • Die Gesellschaft ist weitestgehend von Lizenzvereinbarungen mit Dritten, insbesondere die Lizenzvereinbarung über die ATAC-Technologie mit Professor Heinz Faulstich und dem Deutschen Krebsforschungszentrum (DKFZ) zur Entwicklung ihrer ATAC-Technologie und der Lizenzvereinbarung hinischtlich der Antikörper für den Arzneimittelkandidaten HDP-101 abhängig. Die Beendigung einer dieser Lizenzvereinbarungen könnte erhebliche negative Auswirkungen auf das Geschäft der Gesellschaft haben, zu einem Abbruch der Entwicklung der ATAC-Technologie und/oder des Arzneimittelkandidaten HDP-101 führen und die Gesellschaft im Ergebnis dazu zwingen, in die Liquidation einzutreten oder Insolvenz anzumelden. • Die Gruppe hängt von Auftragsverarbeitern für die Belieferung von Inhaltsstoffen für und die Produktion ihrer Arzneimittel ab, deren Verlust sich erheblich nachteilig auf die Geschäfte der Gesellschaft auswirken kann. • Dienstleister der Gruppe könnten gänzlich ausfallen oder es könnte bei diesen zu Qualitäts- bzw. Kapazitätsproblemen kommen. • Es ist ungewiss, ob Arzneimittel der Heidelberg Pharma Gruppe letztlich erfolgreich in den Markt eingeführt werden. **Externe Risiken** • Die Gruppe ist Wettbewerb von etablierten Wettbewerbern ausgesetzt und erwartet zukünftig weitere Konkurrenz. Die Gruppe ist möglicherweise im gesamt-biomedizinischen Markt nicht erfolgreich. **Strategische Risiken** • Die Gruppe wird von Lizenznehmern zur Vermarktung ihrer Produkte abhängig sein. Ein Scheitern könnte die erfolgreiche Einführung ihrer Produkte verzögern oder verhindern. **Sonstige Risiken** • Die Gruppe ist rechtlichen Risiken, insbesondere Rechtsstreitigkeiten in den USA,

		ausgesetzt. • Die Gruppe könnte bestehende amtliche Vorschriften nicht einhalten und das Risikomanagement sowie die internen Kontrollen könnten nicht Gesetzes- und Compliance-Verstöße verhindern oder aufdecken, die zu erheblichen Strafen und/oder zusätzlichen Kosten führen können. • Der Mietvertrag über das Betriebsgrundstück in Ladenburg könnte kurzfristig beendet werden.
D.3	**Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind.**	• Der Börsenkurs und das Handelsvolumen der Heidelberg Pharma Aktie einschließlich der Neuen Aktien können erheblichen Schwankungen unterliegen. • Der Heidelberg Pharma wird es in naher Zukunft nicht möglich sein wird, Dividenden auszuschütten. Aktionäre müssen sich daher allein auf eine Steigerung des Börsenkurses verlassen, um eine Kapitalrendite zu erlangen. • Anteile an der Gesellschaft können durch zukünftige Kapitalmaßnahmen oder der Ausübung von Aktienoptionen oder Wandlung von Wandelschuldverschreibungen verwässert werden. • Zukünftige Verkäufe von Heidelberg Pharma Aktien durch bestehende und/oder zukünftige Aktionäre können sich negativ auf den Börsenkurs der Aktie der Gesellschaft auswirken. • Der Anteilsbesitz von Aktionären, die an dem Angebot der Neuen Aktien nicht teilnehmen, kann signifikant verwässert werden. • Die Eintragung der Kapitalerhöhung in das Handelsregister der Gesellschaft könnte nicht erfolgen und damit keine Neuen Aktien geschaffen werden.
E - ANGEBOT		
E.1	**Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/des Angebots, einschließlich der geschätzten Kosten, die dem Emittenten oder Anbieter in Rechnung gestellt werden.**	Die Gesellschaft strebt die Platzierung aller Neuen Aktien und Bruttoerlöse in Höhe von ca. EUR 19 Mio. bis EUR 23 Mio. an. Die Kosten für das Angebot und Zulassung der Neuen Aktien werden (bei Annahme eines Bruttoerlöses in Höhe von EUR 21 Mio.) voraussichtlich TEUR 900 betragen. Der Bezugspreis je bezogener Neuer Aktie wird voraussichtlich am 16. November 2017 auf der Basis des Höheren der beiden nachfolgenden Beträge abzüglich eines möglichen vom Vorstand der Heidelberg Pharma AG mit Zustimmung des Aufsichtsrats festzulegenden Abschlags von bis zu 20% ermittelt werden: (i) der ungewichtete Durchschnitt der Schlusspreise der bestehenden Aktien der Gesellschaft vom Beginn der Bezugsfrist am 7. November 2017 (einschließlich) bis zum Handelsschluss am 16. November 2017 oder (ii) der Schlusspreis der bestehenden Aktien der Gesellschaft am 16. November 2017. "Schlusspreis" ist, im Hinblick auf jeden einzelnen Börsenhandelstag, der im XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse in der Schlussauktion ermittelte Schlusskurs oder, wenn ein solcher Schlusskurs an dem betreffenden Handelstag nicht ermittelt wird, der letzte im fortlaufenden XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse ermittelte Preis der Aktie der Gesellschaft.
E.2a	**Gründe für das Angebot, Zweckbestimmung der geschätzten Nettoerlöse.**	Die Gesellschaft beabsichtigt, die angenommen Netto-Erlöse von der Veräußerung der Neuen Aktien in einem Betrag von ca. EUR 20,1 Mio. (bei Annahme eines Bruttoerlöses in Höhe von EUR 21 Mio. und Kosten von EUR 0,9 Mio.), um Gesellschafterdarlehen zurückzuzahlen und das weitere Wachstum und die Entwicklung ihres Geschäfts zu finanzieren. Die Gesellschaft beabsichtigt, den Nettoerlös aus dem Angebot der Neuen Aktien von ca. EUR 20,1 Mio. (bei Annahme eines Bruttoerlöses in Höhe von EUR 21 Mio. und Kosten von EUR 0,9 Mio.) für den Liquiditätsengpass in Höhe von ca. EUR 15 Mio. zu

		verwenden, um ausreichende Liquidität für zwölf Monate nach dem Datum des Prospekts zu erreichen. Dieser Betrag steht im Zusammenhang mit den Beträgen, welche die Gesellschaft für die weitere Entwicklung der ATAC Technologie und den Abschluss des GMP (Gute Herstellungspraxis für Arzneimittel) Verfahrensprozesses für ausgewählte Amanitinderivaten und den BCMA Antikörper sowie das linker-Toxin (moieties) in den ersten zwölf Monaten nach dem Datum dieses Prospekts auszugeben beabsichtigt. Die Gesellschaft beabsichtigt, die gesamten Netto-Erlöse (einschließlich der EUR 15 Mio. Geschäftskapital für die ersten zwölf Monate) im Einzelnen wie folgt zu verwenden: Ca. EUR 5 bis 7 Mio. sollen für die Finanzierung der grundlegenden Forschung und Entwicklung sowie für die Vertriebs- und Verwaltungskosten im Jahr 2018 verwendet werden. Weitere EUR 5 bis 6 Mio sollen in den Abschluss des GMP (Gute Herstellungspraxis für Arzneimittel) Verfahrensprozesses für und die Herstellung des BCMA Antikörpers, des linker-Toxin und das kombinierte ATAC-Molekül investiert werden, um zusammen mit den externen Fertigungsdienstleistern ein Herstellungsverfahren in einem industriellen Maßstab anbieten zu können. Zudem wird beabsichtigt, ca. EUR 1 bis 2 Mio. des Netto-Erlöses aus dem Angebot der Neuen Aktien für die Entwicklung einer diagnostischen Analyse auszugeben, die der Erforschung des Potentials eines therapiebegleitenden diagnostischen Ansatzes dienen soll und möglicherweise die Behandlung mit ATAC-Präparaten in der Zukunft unterstützen kann. Ca. EUR 1 Mio. sollen zur Prüfung von Folgeprojekten in der Pipeline verwendet werden. Schließlich soll ein Betrag in Höhe von ca. EUR 3,9 Mio. zur Reduzierung von Verbindlichkeiten verwendet werden, indem eine Gesellschafterdarlehensforderung der dievini Hopp BioTech holding GmbH & Co KG, Walldorf ("**dievini**") nebst Zinsen im Wege einer Sachkapitalerhöhung eingebracht wird. Die verbleibenden Netto-Erlöse sollen für allgemeine Unternehmenszwecke, zur Erhöhung des Eigenkapitals sowie zur Förderung finanzieller und strategischer Flexibilität verwendet werden. Die Gesellschaft beabsichtigt, diese Netto-Erlöse aus dem Angebot der Neuen Aktien zu diesem Zweck zusätzlich zu dem Teil der Netto-Erlöse aus dem Angebot der neuen Schuldverschreibungen zu verwenden.
E.3	**Beschreibung der Angebotskonditionen.**	Die Neuen Aktien stammen aus der Kapitalerhöhung gegen Bar- und/oder Sacheinlage mit mittelbarem Bezugsrecht der Aktionäre der Gesellschaft, die vom Vorstand am 3. November 2017 mit Zustimmung des Aufsichtsrats vom selben Tag beschlossen wurde. Die Kapitalerhöhung erfolgt durch Ausnutzung des genehmigten Kapitals der Gesellschaft, das von der Hauptversammlung vom 20. Juli 2017 beschlossen, am 10. August 2017 in das Handelsregister eingetragen wurde und derzeit EUR 7.484.190,00 beträgt ("**Genehmigtes Kapital 2017/I**"). Die Neuen Aktien werden im Rahmen einer sog. gemischten Bar-/Sachkapitalerhöhung geschaffen. Die Mehrheitsaktionärin dievini, ist berechtigt, für einen Teil der ihr zustehenden Bezugsrechte Neue Aktien mit einem anteiligen Betrag am Grundkapital in Höhe von EUR 1,00 pro Neuer Aktie gegen Einbringung einer Sacheinlage zu zeichnen (Einbringung des Rückzahlungsanspruches (einschließlich Zinsen) aus dem Darlehensvertrag zwischen der dievini und der Gesellschaft vom 11. Oktober 2016, welcher am 20. November 2017 EUR 3.928.933,33 betragen wird.). Die genaue Anzahl der Neuen Aktien, welche dievini gegen Leistung einer Sacheinlage beziehen darf, ergibt sich durch Teilung des Betrags von EUR 3.928.933,33 durch den Bezugspreis; im Falle eines Bruchteils ist die Anzahl der Neuen Aktien abzurunden. Für die Zeichnung der verbleibenden Neuen Aktien werden alle Aktionäre (inklusive dievini) zum Bezug durch Bareinlage zugelassen; dievini kann hierbei Neue Aktien durch Bareinlage nur insoweit zeichnen, als ein Bezug durch Sacheinlage wie vorstehend

		dargestellt nicht erfolgt ist. Der Vorstand hat mit Zustimmung des Aufsichtsrats den Ausgabebetrag für die Neuen Aktien auf EUR 1,00 je Aktie festgelegt und den Aktionären ein indirektes Bezugsrecht eingeräumt. Die Baader Bank, Weihenstephaner Strasse 4, 85716 Unterschleißheim ("**Baader Bank**"), hat sich auf der Grundlage und unter den Bedingungen eines am 3. November 2017 abgeschlossenen Übernahmevertrages (der "**Übernahmevertrag Neue Aktien**") verpflichtet, die Neuen Aktien den bezugsberechtigten Aktionären während der Bezugsfrist im Verhältnis von 2:1 zum Bezug anzubieten, d.h. für zwei alte Aktien kann eine Neue Aktie bezogen werden ("**Bezugsangebot**"). dievini hat der Gesellschaft die grundsätzliche Bereitschaft signalisiert, sich jedenfalls in Höhe ihrer bisherigen Beteiligungsquote an der Finanzierungsmaßnahme bestehend aus der Kapitalerhöhung betreffend die Neuen Aktien und der Ausgabe von neuen Schuldverschreibungen zu beteiligen. dievini ist unter der Prämisse einer angemessenen Bezugspreisfestsetzung/Wandlungspreisfestsetzung grundsätzlich bereit, im Rahmen der Kapitalerhöhung und der Ausgabe von Neuen Schuldverschreibungen nicht bezogene Neue Aktien und Neue Schuldverschreibungen zu übernehmen **Platzierung der nicht bezogenen Neuen Aktien** Etwaige nicht bezogene Neue Aktien werden auf Grundlage der im Übernahmevertrag Neue Aktien festgelegten Bedingungen im Rahmen von Privatplatzierungen an dievini und institutionelle Investoren in Europa und außerhalb der USA basierend auf Regulation S des US Securities Act von 1933, in der zuletzt geänderten Fassung, ("**Securities Act**") sowie im Wege von Privatplatzierungen in den USA an "qualifizierte institutionelle Käufer" (sog. qualified institutional buyers – QIBs), wie sie in Rule 144A des Securities Acts definiert sind, unter Bezugnahme auf eine Ausnahme von Section 4(a)(2) oder eine andere Ausnahme des Securities Acts, zum Bezugspreis zum Erwerb angeboten. **Bezugszeitraum** Das Bezugsrecht für die Neuen Aktien soll vom 7. November 2017 (einschließlich) bis zum 20. November 2017 um 24:00 Uhr (MEZ) während der üblichen Geschäftszeiten über die Depotbank eines Bezugsberechtigten bei der Baader Bank in ihrer Funktion als Bezugsstelle ausgeübt werden. Entsprechend dem Bezugsverhältnis kann für zwei bestehende auf den Inhaber lautende Stückaktien eine Neue Aktie zum Bezugspreis, wie unten definiert, bezogen werden. Es können jedoch auch einzelne Neue Aktien bezogen werden. Nicht fristgemäß ausgeübte Bezugsrechte verfallen; eine Entschädigung ist nicht vorgesehen. Ein Überbezug von Neuen Aktien ist ebenfalls nicht vorgesehen. **Kein Bezugsrechtshandel** Ein Handel der Bezugsrechte (ISIN DE000A2GSZB8/WKN A2G SZB) wird weder von der Gesellschaft noch von der Baader Bank organisiert und ist nicht vorgesehen. Eine Preisfeststellung an einer Börse für die Bezugsrechte wird ebenfalls nicht beantragt. **Bezugspreis** Der Bezugspreis je bezogener Neuer Aktie wird voraussichtlich am 16. November 2017 auf der Basis des Höheren der beiden nachfolgenden Beträge abzüglich eines möglichen vom Vorstand der Heidelberg Pharma AG mit Zustimmung des Aufsichtsrats festzulegenden Abschlags von bis zu 20% ermittelt werden: (i) der ungewichtete Durchschnitt der Schlusspreise der bestehenden Aktien der Gesellschaft vom Beginn der

		Bezugsfrist am 7. November 2017 (einschließlich) bis zum Handelsschluss am 16. November 2016 oder (ii) der Schlusspreises der bestehenden Aktien der Gesellschaft am 16. November 2017. "Schlusspreis" ist, im Hinblick auf jeden einzelnen Börsenhandelstag, der im XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse in der Schlussauktion ermittelte Schlusskurs oder, wenn ein solcher Schlusskurs an dem betreffenden Handelstag nicht ermittelt wird, der letzte im fortlaufenden XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse ermittelte Preis der Aktie der Gesellschaft. Der Bezugspreis wird im Wege einer Ad hoc-Mitteilung und auf der Internetseite der Gesellschaft voraussichtlich am 16. November 2017 und im Bundesanzeiger voraussichtlich am 17. November 2017 veröffentlicht werden. **Entrichtung des Bezugspreises** Bezugsrechtsinhaber, die ihr Bezugsrecht ausüben möchten, müssen den endgültigen Bezugspreis bei Ausübung des Bezugsrechts, spätestens jedoch am letzten Tag der Bezugsfrist, dem 20. November 2017 um 24:00 Uhr (MEZ), über ihre Depotbank an die Baader Bank in ihrer Funktion als Bezugsstelle entrichten. Der rechtzeitige Zahlungseingang des Bezugspreises je Neuer Aktie innerhalb der Bezugsfrist ist Voraussetzung für die wirksame Ausübung des Bezugsrechts für die jeweiligen Neuen Aktien. **Verbriefung und Lieferung der Neuen Aktien** Die Lieferung der Neuen Aktien kann erst nach Eintragung der Durchführung der Kapitalerhöhung im Handelsregister der Gesellschaft erfolgen. Die Eintragung der Durchführung der Kapitalerhöhung erfolgt voraussichtlich bis 22. November 2017. Eine Garantie für die Eintragung der Durchführung der Kapitalerhöhung bis zu diesem Datum kann nicht abgegeben werden. Die Neuen Aktien werden nach der Eintragung der Kapitalerhöhung im Handelsregister in einer Globalurkunde verbrieft und bei der Clearstream Banking AG, Eschborn, voraussichtlich am 22. November 2017 hinterlegt. Eine Lieferung der Neuen Aktien ist für den 24. November 2017 geplant. Ein Anspruch auf Verbriefung besteht nicht. Die Neuen Aktien werden in die Depots der Aktionäre, die Bezugsrechte ausgeübt haben, eingebucht. **Börsenhandel der Neuen Aktien** Die Neuen Aktien sind ab dem 1. Dezember 2016 gewinnanteilberechtigt. Die Zulassung der Neuen Aktien zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) wird voraussichtlich am 23. November 2017 erfolgen. Eine Einbeziehung der Neuen Aktien (ISIN DE000A11QVV0/WKN A11QVV) in den Handel ist für den 24. November 2017 vorgesehen. Es kann nicht ausgeschlossen werden, dass es bei der Eintragung der Durchführung der Kapitalerhöhung oder bei der dieser nachfolgenden Börsenzulassung und damit bei der Lieferung der Neuen Aktien zu Verzögerungen kommt. Die Zulassung und Lieferung der Neuen Aktien würde dann später als vorstehend angegeben erfolgen. **Hinweis für US-Investoren** Dieser Prospekt wurde gemäß Regelungen und Anforderungen erstellt, die nicht den US-amerikanischen Wertpapiergesetzen entsprechen und enthält möglicherweise nicht die Angaben, die gemäß dem US Securities Act und den damit verbundenen Regelungen und Anforderungen bei registrierten Wertpapiergeschäften üblich, erwartet oder vorgeschrieben sind. Insbesondere stehen dem potenziellen US Anleger durch diesen

		Prospekt möglicherweise nicht alle finanziellen Informationen zur Verfügung, die typischerweise bei einer US Transaktion dieser Art vorliegen, um eine Anlageentscheidung in Bezug auf die Neuen Aktien zu treffen. Jeder US Anleger, der eine Investition in Betracht zieht, sollte dies berücksichtigen und sicherstellen, dass er alle möglichen Risiken und alle notwendigen Angaben in Bezug auf die Gesellschaft überprüft hat, bevor er in die Neuen Aktien anlegt. Die Verteilung dieses Prospekts in andere Jurisdiktionen als Deutschland und Luxemburg kann rechtlichen Beschränkungen unterliegen. Personen, die in den Besitz dieses Prospekts gelangen sollten sich selbst über solche Beschränkungen informieren und diese beachten. Jede Zuwiderhandlung gegen diese Beschränkungen kann eine Verletzung von Wertpapiergesetzen in den betreffenden Jurisdiktionen darstellen. **Verkaufsbeschränkungen** Die Neuen Aktien und Bezugsrechte sind und werden weder nach den Vorschriften des Securities Act noch bei den Wertpapieraufsichtsbehörden von Einzelstaaten der Vereinigten Staaten von Amerika registriert. Sie dürfen in den Vereinigten Staaten von Amerika weder angeboten noch verkauft oder anders transferiert oder im Falle von Bezugsrechten ausgeübt werden, außer in Ausnahmefällen aufgrund einer Befreiung von den Registrierungserfordernissen des Securities Act von 1933 oder im Rahmen einer Transaktion, die diesen Registrierungserfordernissen nicht unterliegt. Sie werden auch nicht in Australien, Kanada, Japan oder Südafrika zum Erwerb angeboten. Die Annahme dieses Angebots außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg kann Beschränkungen unterliegen. Personen, die das Angebot außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg annehmen wollen, werden aufgefordert, sich über außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg bestehende Beschränkungen zu informieren und diese zu beachten. **Verwertung nicht bezogener Neuer Aktien** Eine Pflicht zur Verwertung von nicht bezogenen Neuen Aktien besteht weder seitens der Gesellschaft noch der Baader Bank. Die Übernahmeverpflichtung der Baader Bank gemäß dem Übernahmevertrag Neue Aktien besteht nur in dem Umfang, wie Bezugsrechte ausgeübt und Neue Aktien im Rahmen der Privatplatzierung von anderen Investoren als dievini erworben werden. dievini wird alle Aktien, die sie übernimmt, selbst zeichnen. Die Kapitalerhöhung wird insoweit in dem Umfang durchgeführt, wie Aktionäre der Gesellschaft ihre Bezugsrechte wirksam ausüben und die Privatplatzierung erfolgt. Sollte die Kapitalerhöhung nicht in vollem Umfang durchgeführt werden, kann es dazu kommen, dass sich der relative Anteil des einzelnen ausübenden Bezugsrechtsinhabers an dem tatsächlichen Emissionsvolumen entsprechend erhöht.
E.4	**Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen.**	Die Baader Bank hat am 3. November 2017 mit der Gesellschaft und dievini in Bezug auf dieses Angebot den Übernahmevertrag Neue Aktien abgeschlossen. Demnach begleitet und berät die Baader Bank die Gesellschaft bei dem Angebot der Neuen Aktien und der entsprechenden Handelszulassung der Neuen Aktien. Ferner nimmt die Baader Bank im Rahmen der beabsichtigten Privatplatzierung an der Vermarktung der Neuen Aktien in Europa und außerhalb der USA basierend auf Regulation S des US Securities Act sowie im Wege von Privatplatzierungen in den USA an "qualifizierte institutionelle Käufer" (sog. qualified institutional buyers – QIBs), wie sie in Rule 144A des Securities Acts definiert sind unter Bezugnahme auf eine Ausnahme von Section 4(a)(2) oder eine andere Ausnahme des Securities Acts, teil. Aufgrund dieses Übernahmevertrags Neuer Aktien erhält die Baader Bank eine Provision und andere Zahlungen bei erfolgreichem Abschluss

		des Angebots und der Privatplatzierung. Die Mehrheitsaktionärin dievini, ist berechtigt, für einen Teil der ihr zustehenden Bezugsrechte Neue Aktien mit einem anteiligen Betrag am Grundkapital in Höhe von EUR 1,00 pro Neuer Aktie gegen Einbringung einer Sacheinlage zu zeichnen (Einbringung des Rückzahlungsanspruches (einschließlich Zinsen) aus dem Darlehensvertrag zwischen der dievini und der Gesellschaft vom 11. Oktober 2016, welcher am 20. November 2017 EUR 3.928.933,33 betragen wird.). Die genaue Anzahl der Neuen Aktien, welche dievini gegen Leistung einer Sacheinlage beziehen darf, ergibt sich durch Teilung des Betrags von EUR 3.928.933,33 durch den Bezugspreis; im Falle eines Bruchteils ist die Anzahl der Neuen Aktien abzurunden. dievini hat daher ein Interesse an der Durchführung der Kapitalerhöhung, die Gegenstand des Angebots der Neuen Aktien ist. Inhaber von Neuen Aktien haben ein Interesse an der Zulassung der Neuen Aktien zum Handel aufgrund der Fungibilität im regulierten Markt der Frankfurter Wertpapierbörse.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.**	Die Neuen Aktien werden von der Heidelberg Pharma zum Verkauf angeboten.
	Lock-up-Vereinbarungen, beteiligte Parteien und Lock-up-Frist.	Aufgrund des am 3. November 2017 zwischen der Gesellschaft, der Baader Bank und dievini abgeschlossenen Übernahmevertrages Neue Aktien hat die Gesellschaft vereinbart, dass sie ohne die vorherige schriftliche Zustimmung der Baader Bank für einen Zeitraum von sechs Monaten nach Börseneinführung der Neuen Aktien • keine Aktien der Gesellschaft zu kaufen, zu verkaufen oder anderweitige Verpflichtungen mit gleichem wirtschaftlichen Inhalt einzugehen; • keine Kapitalerhöhung aus genehmigtem Kapital ankündigen oder durchführen wird; • der Hauptversammlung keine Kapitalerhöhung zur Beschlussfassung vorschlagen wird; • keine Wandel- oder Optionsschuldverschreibungen begeben wird; • keine Transaktionen oder Vergleichbares durchführen wird, die den vorgenannten Maßnahmen entsprechen. Dies gilt nicht für (a) die Emission der neuen Schuldverschreibungen, (b) die Ausgabe oder den Verkauf, soweit einschlägig, von Aktien oder anderen Wertpapieren, die im Rahmen von Mitarbeiterbeteiligungsprogrammen oder Aktienoptionsplänen für Mitarbeiter und/oder Mitglieder des Vorstands der Gesellschaft oder ihrer Tochtergesellschaften begeben werden sowie (c) die Ausgabe von Aktien gegen Sacheinlagen unmittelbar an die Vertragspartner im Zusammenhang mit einem Erwerb, einer Beteiligung oder eines Joint Ventures. Die erforderliche Zustimmung der Baader Bank darf von dieser nicht aus unbilligen Gründen verweigert werden.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.** **Im Falle eines Zeichnungsangebots an die existierenden Anteilseigner Betrag und Prozentsatz der unmittelbaren**	Aktionäre, die ihre Bezugsrechte auf Neue Aktien ausüben, werden ihre Beteiligungsquote am Grundkapital der Gesellschaft nach der Kapitalerhöhung beibehalten. Soweit Aktionäre ihr Bezugsrecht im Bezug auf Neue Aktien nicht ausüben, und unter der Annahme, dass alle Neuen Aktien ausgegeben werden, würde der Anteil jedes Aktionärs an der Gesellschaft um ca. 33,3 % abnehmen. Der Nettobuchwert der Gruppe belief sich auf ca. TEUR 7.208 oder ca. EUR 0,48 pro Aktie (auf Grundlage von 14.968.380 ausgegebenen Aktien der Gesellschaft). Der Nettobuchwert der Heidelberg Pharma Gruppe basiert auf dem ungeprüften Konzernzwischenabschluss zum 31. August 2017 und wurde durch Abzug der

	Verwässerung, für den Fall, dass sie das neue Angebot nicht zeichnen.	Verbindlichkeiten zum 31. August 2017 (TEUR 7.904) von der Summe der Vermögenswerte zum 31. August 2017 (TEUR 15.112) errechnet. Unter der Annahme (i) der vollständigen Durchführung der Kapitalerhöhung gegen Bar- und Sacheinlagen und (ii) eines Nettoerlöses (bei Annahme eines Bruttoerlöses von ca. EUR 21 Mio. abzüglich geschätzter Kosten von ca. EUR 0,9 Mio. für das Angebot der Neuen Aktien) von ca. EUR 20,1 Mio. würde sich der Nettobuchwert der Heidelberg Pharma Gruppe mit Stand vom 31. August 2017 auf ca. TEUR 27.308 oder ca. EUR 1,22 je Aktie belaufen (berechnet auf der Grundlage von 22.452.570 ausgegebenen Aktien der Gesellschaft nach Durchführung der Kapitalerhöhung). Dies würde zu einer Erhöhung des Nettobuchwerts der Heidelberg Pharma Gruppe um ca. EUR 0,73 je Aktie und ca. 153% je Aktie für die Altaktionäre führen. Für den Erwerber Neuer Aktien ergäbe sich eine unmittelbare Verwässerung von EUR 1,59 je Aktie oder ca. 57%.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Weder die Gesellschaft noch die Baader Bank stellen den Erwerbern Kosten in Rechnung. Für den Bezug der Aktien wird den Erwerbern der Neuen Aktien von ihren depotführenden Banken die bankübliche Effektenprovision berechnet.

SUMMARY OF THE PROSPECTUS CONCERNING THE NEW NOTES

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A to E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

A - INTRODUCTION AND WARNING NOTICE		
A.1	**Warning notice.**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Germany (formerly WILEX AG, Grillparzerstrasse 18, 81675 Munich, Germany) ("**Heidelberg Pharma**", the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiary Heidelberg Pharma Research GmbH, "**Heidelberg Pharma Research**", the "**Heidelberg Pharma Group**" or the "**Group**", formerly WILEX Group) and Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Germany ("**Baader Bank**") have assumed responsibility for the content of this summary and its translation pursuant to Section 5 (2b) no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz - WpPG*). Those persons, who are responsible for the summary, including any translation thereof, or for the issuing (*Erlass*), can be held liable but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Agreement to the use of the prospectus by financial intermediaries.**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or final placement of securities by financial intermediaries has not been granted.
B - ISSUER		
B.1	**Legal and commercial term.**	Issuer of the securities is Heidelberg Pharma AG. The Company's commercial name is "Heidelberg Pharma".
B.2	**Seat, legal form, governing law, country of incorporation.**	The Company has its registered office in Ladenburg, Germany. The Company is a stock corporation incorporated in Germany and governed by German law and is registered with the commercial register maintained by the local court of Mannheim under HRB 728735.
B.4b	**A description of any known trends affecting the issuer and the industries in which it operates.**	The recent progress in research and development on cancer constantly provides new scientific insights into the complexity of cancer biology. On the other hand, there is still a huge medical need to improve treatment options in oncology. This paves the way for constant development of medical treatments, which translate scientific progress into new drugs. By experience, there is no "magic bullet" for cancer treatment, but combinations of existing and new therapies are increasingly successful. Therefore, the new wave of immuno-oncological approaches may be synergistic with or paralleled by new and more effective targeted therapies like Antibody Targeted Amanitin Conjugate ("**ATAC**") technology. Thus enabling the Company to win an attractive share in the constantly

		growing market of cancer therapies.
B.5	**Description of the group and the issuer's position within the group.**	As of the date of the Prospectus the Heidelberg Pharma Group consists of the Issuer as the parent company and Heidelberg Pharma Research GmbH (formerly Heidelberg Pharma GmbH and renamed to Heidelberg Pharma Research GmbH on 1 August 2017) as a consolidated subsidiary.
B.9	**Profit forecast or estimate.**	On the basis of developments to date in the fiscal year ending 30 November 2017, the Company currently anticipates earnings before interest and taxes (EBIT) loss between EUR 9.0 and EUR 11.0 milllion ("**m**") for Heidelberg Pharma Group for the current fiscal year 2017.
B.10	**Qualifications in the audit report on the historical financial information.**	Deloitte has audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB"**) and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer*) the consolidated financial statements of the Issuer as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, as well as the unconsolidated annual financial statements of the Issuer as of and for the fiscal year ended 30 November 2016. In each case an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) was issued. However, the audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 contains the emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized."* The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 contains the following emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized."* The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 contains the following emphasis of matter paragraph: *"Without qualifying this opinion we refer to the discussion in section 7 "Report on risks",*

		subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the Wilex Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH, the realisation of value from the development candidates of Wilex AG and the completion of the restructuring measures as scheduled. Should the planning assumptions made turn out to be inappropriate in terms of amount or timing and/or should Wilex be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the Wilex Group as a going concern would be jeopardised."
B.12	**Selected historical key financial information regarding the issuer.**	The Company prepared its consolidated financial statements as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315a (I) of the German Commercial Code (*Handelsgesetzbuch*, "**HGB"**) as well as its unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 in accordance with IFRS on interim financial reporting (IAS 34). Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Reichskanzler-Müller-Straße 25, 68165 Mannheim, Germany ("**Deloitte**") has audited the consolidated financial statements of the Company as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, and in each case issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*). Each audit opinion contains an emphasis of matter paragraph (see. B.10 above). Unless otherwise indicated, the following selected financial information as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 labeled as "audited" has been taken from the Company's above-mentioned audited consolidated financial statements, while the following selected financial information labeled as "unaudited" has been taken from the Company's above-mentioned unaudited interim consolidated financial statements or is based on calculations of figures from the above-mentioned sources.

SELECTED FIGURES FROM THE CONSOLIDATED BALANCE SHEETS

	30 November			31 August
	2016	**2015**	**2014**	**2017**
		(audited) in EUR		**(unaudited) in EUR**
ASSETS				
Property, plant and equipment	1,266,847	985,053	1,052,891	1,289,767
Intangible assets	2,842,216	2,867,070	2,948,199	2,823,083
Goodwill	6,111,166	6,111,166	6,111,166	6,111,166
Financial Assets	0	0	1,777,083	0
Other non-current assets	31,350	69,980	230,277	51,278
Non-current assets	**10,251,579**	**10,033,268**	**12,119,616**	**10,275,294**
Inventories	190,238	279,168	189,710	177,437
Prepayments	41,888	22,451	74,334	25,214
Trade receivables	91,343	366,749	177,359	125,530
Other receivables	92,042	94,604	272,033	17,787
Cash and cash equivalents	4,574,382	1,305,697	2,196,808	4,490,755
Current assets	**4,989,894**	**2,068,669**	**2,910,244**	**4,836,722**
Total assets	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**

EQUITY AND LIABILITIES				
Subscribed capital	12,927,564	9,305,608	7,818,876	14,968,380
Capital reserve	191,076,991	188,033,840	185,364,837	194,107,396
Accumulated losses	-194,248,324	-187,859,290	-181,307,673	-201,867,435
Equity	**9,756,231**	**9,480,158**	**11,876,040**	**7,208,341**
Pension obligations	7,130	5,210	0	7,130
Other non-current liabilities	0	0	3,048	0
Non-current liabilities	**7,130**	**5,210**	**3,048**	**7,130**
Trade payables	132,063	279,205	276,618	660,748
Lease liabilities	0	0	77,482	0
Provisions	408,201	468,528	730,509	408,201
Other current liabilities	1,189,819	1,868,837	2,066,162	2,948,396
Financial liabilities	3,748,028	0	0	3,879,200
Current liabilities	**5,478,112**	**2,616,569**	**3,150,771**	**7,896,545**
Total equity and liabilities	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**

SELECTED FIGURES FROM THE CONSOLIDATED INCOME STATEMENTS

	Fiscal year ended 30 November			Nine months ended 31 August	
	2016	**2015**	**2014**	**2017**	**2016**
		(audited) in EUR		**(unaudited) in EUR**	
Sales revenue	1,362,137	2,283,864	3,596,634	1,392,594	1,103,741
Other income	1,381,320	1,637,574	1,413,104	235,205	1,169,237
Income	**2,743,458**	**3,921,438**	**5,009,738**	**1,627,798**	**2,272,979**
Cost of sales	-809,061	-1,139,865	-1,354,564	-576,621	-541,582
Research and development costs	-6,119,032	-4,444,590	-5,571,952	-6,407,359	-4,281,764
Administrative costs	-1,954,236	-4,512,150	-3,176,893	-1,985,909	-1,387,814
Other expenses	- 222,159	-341,337	-482,765	-109,169	-173,780
Operating expenses	**-9,104,488**	**-10,437,941**	**-10,586,174**	**-9,079,059**	**-6,384,940**
Operating result	**-6,361,030**	**-6,516,503**	**-5,576,436**	**-7,451,261**	**-4,111,962**
Finance income	1,161	3,166	86,851	0	1,034
Finance costs	- 19,719	-545	-118,073	-167,850	-1,691
Financial result	**- 18,559**	2,621	**-31,222**	**-167,850**	**-657**
Earnings before tax	**-6,379,589**	**-6,513,881**	**-5,607,658**	**-7,619,111**	-4,112,619
Income Taxes	-9,445	-37,736	-93,191	0	-9,434
Net loss for the period	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Comprehensive income	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**

SELECTED FIGURES FROM THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended 30 November			Nine months ended 31 August	
	2016	**2015**	**2014**	**2017**	**2016**
		(audited) in EUR		**(unaudited) in EUR**	
Net loss for the year	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Adjustment for items in the statement of comprehensive income	**386,057**	**2,716,871**	**1,224,116**	**482,982**	**310,097***
Changes in balance sheet items	**-531,378**	**-962,388**	**-2,031,808**	**2,468,050**	**-348,272***
Cash flow from operating activities	**-6,534,355**	**-4,797,135**	**-6,508,542**	**-4,668,079**	**-4,160,228**

	Net cash flow from operating activities	**-6,534,884**	**-4,796,042**	**-6,620,125**	**-4,704,757**	**-4,161,597**
	Net cash flow from investing activities	**-537,869**	**-207,026**	**-195,797**	**-332,867**	**-450,166**
	Net cash flow from financing activities	**10,334,970**	**4,101,907**	**-38,444**	**4,974,977**	**6,586,942**
	Influence of foreign exchange effects on cash and cash equivalents	6,468	10,048	131,111	-20,979	-11,529
	Net change in cash and cash equivalents	**3,268,685**	**-891,111**	**-6,723,256**	**-83,627**	**1,963,650**
	Cash and cash equivalents at beginning of period	1,305,697	2,196,808	8,920,064	4,574,382	1,305,697
	Cash and cash equivalents at end of period	4,574,382	1,305,697	2,196,808	4,490,755	3,269,347
	*revised					

	Material adverse change in the prospects of the Issuer	On 9 October 2017 the Company adjusted its guidance for the current fiscal year. Sales revenues are downward on the one hand due to deferred revenue arising under the agreement with Takeda Pharmaceutical Company Limited as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health Co. Since 31 August 2017 cash and cash equivalents have decreased according to plan in the ordinary course of business. With the exception of the aforementioned, there has been no material adverse change in the prospects of the Issuer since the date of the last published audited consolidated financial statements.
	Significant changes to the issuer's financial or trading condition subsequent to the period covered by the historical key financial information.	In fiscal year 2015 sales revenue of Heidelberg Pharma Group decreased by 36% to EUR 2,284 thousand ("**k**") (2014: EUR 3,597 k) and together with the other income amounting to EUR 1,638 k (2014: EUR 1,413 k) the total income amounted to EUR 3,921 k (2014: EUR 5,010 k). Heidelberg Pharma Group's operating result (earnings before interest and taxes "EBIT") amounted to EUR -6,517 k in 2015 (2014: EUR -5,576 k) and the net loss for the fiscal year 2015 increased to EUR 6,552 k (2014: EUR 5,701 k). At 30 November 2015, Heidelberg Pharma Group's cash and cash equivalents decreased to EUR 1,306 k compared to EUR 2,197 k at 30 November 2014. In fiscal year 2016 Heidelberg Pharma Group posted sales revenue of EUR 1,362 k (2015: EUR 2,284 k) and the other income of EUR 1,381 k (2015: EUR 1,638 k) leading to total income of EUR 2,743 k (2015: EUR 3,921 k). Heidelberg Pharma Group showed an operating result (EBIT) of EUR -6,361 k (2015: EUR -6,517 k) in the 2016 fiscal year. The net loss for the Group slightly decreased by 2% to EUR 6,389 k for the fiscal year 2016 compared to 2015 (2015: EUR 6,552 k). The Group's cash and cash equivalents inreased to EUR 4,574 k at the end of the fiscal year 2016 (30 November 2015: EUR 1,306 k). In the first nine months of the fiscal year 2017, Heidelberg Pharma Group's total income was EUR 1,628 k and operating result (EBIT) was EUR -7,451 k. The Group's net loss was EUR 7,619 k. At the end of the third quarter of the fiscal year 2017, Heidelberg Pharma Group's cash and cash equivalents amounted to EUR 4,491 k (30 November 2016: EUR 4,574 k). On 9 October 2017 the Company adjusted its guidance for the current fiscal year. Sales revenues are downward on the one hand due to deferred revenue arising under the agreement with Takeda Pharmaceutical Company Limited as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health Co. Since 31 August 2017 cash and cash equivalents have decreased according to plan in the ordinary course of business. With the exception of the aforementioned, there have been no significant changes to the

		issuer's financial condition and operating results since 31 August 2017 to the date of the Prospectus.
B.13	**A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.**	Not applicable. There are no recent events particular to Heidelberg Pharma which have occurred and which are to a material extent relevant to the evaluation of Heidelberg Pharma's solvency.
B.14	**If the issuer is part of a group, a description of the group and the issuer's position within the group.**	See section "*Summary of the Prospectus Concerning the New Notes – Issuer – B.5*"
	If the issuer is dependent upon other entities within the group, this must be clearly stated.	Not applicable. The Issuer is not dependent on any entity within the Group.
B.15	**A description of the issuer's principal activities.**	Heidelberg Pharma is a biopharmaceutic company with one consolidated subsidiary active in the field of oncology. Heidelberg Pharma's ATAC technology aims at creating novel therapeutics to fight cancer. The Group licenses its technology to other companies but also builds a proprietary portfolio of ATAC compounds, all of which are in preclinical stage. The Group and its partners aim at applying this technology to different cancer types by using different antibodies with distinguished binding properties. Furthermore, the Company has a legacy portfolio of clinical anti-cancer and cancer diagnostic drugs with studies in clinical phase II and III, two of which it has licensed to other companies for further development. In addition, the Group is offering some preclinical pharmacology services.
B.16	**Whether a direct or indirect interest in or control over the issuer exists, who holds such interest or exercises control over the issuer respectively and what type of control is exercised.**	The shareholdings of Mr Dietmar Hopp, including the companies he controls, exceed the 50% threshold. He is the majority shareholder and can exercise far-reaching control over Heidelberg Pharma AG and its subsidiary or can exert significant influence over the Company. Therefore the Issuer is a dependent company within the meaning of section 17 (1) of the German Stock Corporation Act because a majority of its shares are held by DH-Holding GmbH & Co. KG and its affiliated companies (dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH), all of which represent the same general interests of the investor, Mr Dietmar Hopp.
C - SECURITIES		
C.1	**A description of the type and class of the securities being offered and/ or admitted to trading, including any security identification number.**	The offering relates to 14,968,380 convertible bonds with a nominal amount of EUR 1.00 each, thus a total nominal amount of EUR 14,968,380.00, which are convertible into ordinary bearer shares of the Company with no par value (*Stückaktien*) with a notional interest in the registered share capital of EUR 1.00 per share ("**New Notes**"). ISIN of the New Notes: DE000A2GSZA0 WKN of the New Notes: A2G SZA
C.2	**Currency of the securities issue.**	Euro
C.5	**A description of any restrictions on the free transferability of the**	Not applicable. The New Notes are freely transferable.

	securities.	
C.8	**A description of the rights attached to the securities, ranking, limitations to those rights**	• **Ranking** The obligations of the Company under the New Notes will constitute unsecured and unsubordinated obligations of the Company and rank at least *pari passu* with all other unsecured and unsubordinated obligations from borrowings of the Company. In the event of any insolvency of the Company, the noteholders will rank on a *pari passu* basis with all other unsecured and unsubordinated creditors of the Company. • **Conversion right of the New Notes.** Each New Note grants the right to convert the New Notes in the conversion ratio into ordinary bearer shares (no-par value shares) of the Company with a nominal amount of EUR 1.00 per share. The conversion right may be exercised by a noteholder during the period commencing on the 50th day after the issue day (presumably on the 11 January 2018) and ending on the maturity date subject to certain excluded periods. • **Conversion price and conversion ratio** The conversion price per share is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. Further adjustments of the conversion price are possible according to detailed terms set forth in the Terms and Conditions. The conversion ratio is calculated by dividing the principal amount of a New Note by the conversion price. • **Mandatory conversion** The Company is entitled to require a mandatory conversion of the New Notes into shares of the Company. The mandatory conversion will be conducted at the conversion price and each New Note shall be converted in the conversion ratio into ordinary bearer shares (no-par value shares) of the Company with a notional interest in the registered share capital of EUR 1.00 per share. The mandatory conversion may be required at the end of the term of the New Notes. • **No additional payment** No additional payment is necessary in connection with a conversion of New Notes into shares of the Company by a Noteholder or at a mandatory conversion. Fractions of shares will not be delivered but be compensated in cash after aggregation of fractions according to the details set forth in the terms and conditions. • **Dilution adjustments.** The terms and conditions contain several rules for dilution adjustments. According to these provisions the conversion price and therefore the conversion ratio may be adjusted, e.g. in case of a capital increase from, Company reserves, share split, distributions etc. • **Repurchase.**

		The Company and/or its affiliates is/are entitled at any time to acquire New Notes in accordance with applicable law. Any New Notes acquired may be cancelled or held or resold. • **Termination.** In case of the existence of an important reason, each holder of New Notes is entitled to declare due and payable its entire claims arising from the New Notes and demand payment of their principal amount. Such an important reason exists especially: (i) in the instance of the opening of insolvency proceedings for the Company's assets or in the case of the rejection of the opening of such insolvency proceedings due to a lack of net assets; or (ii) if the Company is liquidated due to a liquidation resolution passed by the shareholders' meeting. • **Negative Pledge.** The Company may not create any lien, pledge or other security right upon any part of its assets to secure any present or future capital market indebtedness in the form of or represented by bonds, notes, debentures, loan stock or other securities capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and Schuldschein loans. • **Governing law and place of jurisdiction.** The New Notes as well as all rights and obligations arising from the terms and conditions shall be governed by the laws of the Federal Republic of Germany. The place of jurisdiction for all proceedings arising from the New Notes and its terms and conditions shall, to the extent legally permitted, be Heidelberg, Germany.
C.9	**A description of the rights attached to the securities, ranking, limitations to those rights (C.8)**	See element "*Summary of the Prospectus Concerning the New Notes – Securities – C.8*"
	The nominal interest rate, the date from which interest becomes payable and the due dates for interest / where the rate is not fixed, description of the underlying on which it is based	Not applicable. The Notes will bear no interest (zero coupon).
	Maturity date and arrangements for the amortisation of the loan, including the repayment procedures	The New Notes shall be redeemed at their principal amount on 22 November 2019, unless they have previously been redeemed or converted or repurchased and cancelled or unless the Issuer exercises its mandatory conversion right.
	An indication of yield	Not applicable. The Notes will bear no interest (zero coupon).
	Name of representative of debt security holders	Not applicable. A joint representative (*Gemeinsamer Vertreter*) is not appointed.
C.10	**(C.9)**	See element "*Summary of the Prospectus Concerning the New Notes – Securities – C.9*"
	Derivative component in the interest payment	Not applicable. The New Notes will bear no interest (zero coupon).

C.11	**Admission to trading in a regulated market or other equivalent markets**	Not applicable. The New Notes shall not be admitted to trading on the regulated market of a stock exchange or on an equivalent market. However, it is intended to introduce the New Notes to the Open Market (Quotation Board) of the Frankfurt Stock Exchange on 24 November 2017.
C.20	**Description of underlying**	The existing shares of the Company are ordinary bearer shares with no par value (*Stückaktien*) with a notional interest in the registered share capital of EUR 1.00 per share. The new shares issued upon conversion from the Company's contingent capital 2017/II shall be entitled to dividends in respect of the then current and all following financial years as from the beginning of the financial year of the Company in which such new shares are issued; in the event, however, that new shares are issued before the general meeting resolving on the appropriation of the net profits of the preceding financial year, the new shares shall be entitled to dividends as from the beginning of the financial year preceding their issuance.
D - RISKS		
D.2	**Key information on the key risks that are specific to the issuer**	**The following risks contain a number of increased risks, including, but not limited to, risks relating to the Group's funding. As a result of the potential materialisation of these risks Heidelberg Pharma and/or Heidelberg Pharma Research may be required to file for insolvency. In this event Heidelberg Pharma's shareholders could suffer a total loss in the value of their notes. The risks relating to the Group's funding include, but are not limited to, the fact that the Group – if it is not able to attract additional short-term funds in the form of proceeds from this offering – will run out of working capital in April 2018 and not have sufficient liquidity to conduct its business in the future.** **Financial risks** • Heidelberg Pharma does not have sufficient working capital to meet its liquidity requirements during the next twelve months and may not be able to raise sufficient funds. • The Group may fail to achieve profitability in the medium term and may not be able to meet its payment obligations. • The Group may not be able to obtain additional debt or equity funding to finance its business operations, which could ultimately force it to commence liquidation proceedings or file for bankruptcy • The potential impairment of assets may negatively affect the financing ability of the Group. • The allowance of tax losses carried forward may be restricted. • The proceeds of the offering may not provide Heidelberg Pharma with sufficient funds. • Heidelberg Pharma has had a history of losses, it expects to incur additional losses in the future and it may never achieve profitability. **Operational risks** • The Group is substantially dependent on the success of ATAC technology, its leading product, on which the Group has focused a substantial part of its business and financial resources and currently only has one major licensing agreement for its development. • If the development of its ATAC technology or drug products such as its BCMA (B-cell maturation antigens) antibodies project with the Max Delbrück Center were discontinued, significantly delayed or shut down prior to their ultimate commercialization or market launch, it would have a material adverse effect on the

		Group's business. • Heidelberg Pharma faces considerable risks from the product development and its technology. • Official approval for marketing current and future drug candidates may be denied or only granted after considerable delay. • The Company largely depends on licensing agreements with third-parties, especially its licensing agreement for ATAC technology with Professor Heinz Faulstich and the German Cancer Research Center (DKFZ) for the development of its ATAC technology and the license agreement with the relating to antibodies for its drug candidate HDP-101. The termination of either of these licensing agreements would materially adversely affect the Company's business, may force it to stop its development of ATAC technology and/or its drug candidate HDP-101 and ultimately require the Company to commence liquidation proceedings or file for bankruptcy. • The Group depends on contract manufacturing organisations for the supply of the ingredients for, and manufacture of, its drug products, the loss of which could materially adversely affect its business. • Service providers the Group collaborates with may default or could have quality or capacity problems. • It is uncertain whether Heidelberg Pharma Group's drug products will ultimately be successfully launched in the market. **External risks** • The Group faces competition from established competitors and expects to face competition from others in the future. The Group may not be successful in competing in the overall biomedical market. **Strategic risks** • The Group will be dependent on licensing partners to commercialize its products, the failure of which could delay or prevent the successful launch of its products. **Other risks** • The Group faces legal risks including from US litigation. • The Group may fail to comply with existing governmental regulations and the risk management and internal controls may not prevent or detect violations of law, and compliance breaches which may result in substantial penalties and/or additional costs. • Lease agreement for the premises in Ladenburg may be terminated short-noticed.
D.6	**Key information on the key risks that are specific to the securities, Loss of entire investment**	• There is no existing trading market for the New Notes and the Company cannot assure that any public market for the New Notes will develop. • Noteholders do not have the benefit of any security interest and, in the event of any insolvency, will rank on a pari passu basis with all other unsecured and unsubordinated creditors of the Company. • An investor should not rely on gains or profits from the New Notes when borrowing funds from a third party in order to finance the purchase of the New Notes. • The New Notes are zero coupon notes and their price is volatile. • Other Noteholders with the consent of the Company may make amendments to the terms and conditions of the New Notes or appoint a common representative of all Noteholders. • If an investor does not conduct a detailed evaluation and analysis of the terms and conditions of the New Notes before the investment in the New Notes, there is the risk that the implications of the investment in the New Notes is misjudged with respect to the situation of the individual investor.

		• The stock exchange price of the New Notes depends on the stock exchange share price of the Company. A negative development of the share price may have a negative impact on the stock exchange price of the New Notes. • There is the risk that the investors acquire the New Notes within the framework of the subscription offer at a higher price than the market price. • The shares held by shareholders who do not participate in the offering of the New Notes may be significantly diluted. • The stock exchange price and trading volume of Heidelberg Pharma shares, including the New Shares, may be subject to significant fluctuations. • The Company will not be in a position to pay out dividends in the foreseeable future. Shareholders must therefore rely on an increase in the Heidelberg Pharma share price to achieve a return on their investment. • An interest held in the Company may be diluted by future capital measures or the exercise of stock options or the exercise of convertible bonds. • Future selling of Heidelberg Pharma shares by existing or future shareholders may have a negative impact on the stock exchange price of the Company's shares. • The shares held by shareholders who do not participate in the offering of the New Shares may be significantly diluted. • The share capital increase may not be registered with the Company's commercial register and thus no New Shares would be created.
E - OFFER		
E.2b	**Reasons for the offer, use of the estimated net amount of the proceeds when different from making profit.**	The Company intends to use the envisaged net proceeds resulting from the sale of the New Notes in the amount of approximately EUR 14.6 m (assuming gross proceeds of EUR 15 m and estimated costs of EUR 0.4 m) to finance the growth and development of its business. The Company intends to use the net proceeds from the offering of the New Notes of approximately EUR 14.6 m (assuming gross proceeds of EUR 15 m and costs of EUR 0.4 m) for the clinical development of its proprietary drug candidate HDP-101 starting end of 2018. Heidelberg Pharma estimates the costs for the clinical studies until the end of 2021, at which point a clinical proof of concept is expected, to be between EUR 7 and 8 m. EUR 4 to 5 m shall be dedicated to advancing a second ATAC development project still to be selected from early project candidates. Further, the Company plans to use EUR 1 to 1.5 m for pre- and non-clinical development, patent and license costs as well as project management costs. Any remaining net proceeds are dedicated to general corporate purposes, to increase equity and to enhance financial and strategic flexibility. The Company intends to use these net proceeds from the offering of the New Notes to this end in addition to the part of the net proceeds from the offering of the new shares.
E.3	**A description of the terms and conditions of the offer.**	The shareholders are granted the subscription right in such a way that Baader Bank, on the basis of and subject to the conditions set forth in an underwriting agreement ("**Underwriting Agreement New Notes**") concluded on 3 November 2017, was admitted for the underwriting of the notes with the obligation of offering them to the shareholders in accordance with their share in the share capital at the subscription price. The new shares issued upon conversion from the Company's contingent capital 2017/II shall be entitled to dividends in respect of the then current and all following financial years as from the beginning of the financial year of the Company in which such new shares are issued; in the event, however, that new shares are issued before the general meeting resolving on the appropriation of the net profits of the preceding financial year, the new shares shall be entitled to dividends as from the beginning of the financial year

		preceding their issuance. New Notes not subscribed for, if any, shall, on the basis of the Underwriting Agreement New Notes, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and in private placements in the United States to "qualified institutional buyers" ("**QIBs**") as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act, for the subscription price. dievini has indicated its general willingness to participate in the funding measure comprising the capital increase regarding the new shares and the issuance of New Notes, in any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire new shares and New Notes not subscribed for in connection with the capital increase and the issuance of New Notes. **Subscription price** The subscription price per subscribed New Note is EUR 1.00 which is the nominal amount per New Note. **Subscription ratio** The subscription ratio shall be 1:1 - in other words, each shareholder has the right to obtain one New Note for one share in the Company for the subscription price. For the calculation of the number of subscription rights of each shareholder the respective securities deposit account upon expiry of 8 November 2017 (Record Date) shall be relevant. On 9 November 2017 (Payment Date) the subscription rights (ISIN DE000A2GSZC6/WKN A2G SZC) will be separated from the securities holdings within the scope of the existing subscription right and automatically credited to the shareholder securities deposit account of the custodian bank through Clearstream Banking AG, Eschborn. From the beginning of the subscription period on 7 November 2017 the shares of the Company shall be listed "ex subscription right". **Conversion price** The conversion price per share is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The conversion price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (*Bundesanzeiger*) presumably on 17 November 2017. Thereafter, further adjustments of the conversion price are possible according to detailed terms set forth in the Terms and Conditions.

		Subscription Period The subscription rights for the New Notes shall be exercised from 7 November 2017 (including) until 20 November 2017 24:00 hrs (CET) during regular office hours via their custodian bank with Baader Bank as central settlement agent. The subscription price for each New Note has to be paid to Baader Bank as a subscription agent via the custodian bank of the shareholder upon exercising their subscription right, at the latest, however, until the end of the subscription period (20 November 2017 24:00 hrs (CET)) (Expiration Date). A timely receipt of both the subscription notice and the payment of the subscription price are prerequisite for the observance of the time limit. **No subscription rights trading** A trading of subscription rights (ISIN DE000A2GSZC6/WKN A2G SZC) is neither arranged by the Company nor by Baader Bank and is not provided for. Nor will an application be made at a stock exchange for a determination of the price for the subscription rights. Therefore an acquisition or a sale of subscription rights at a stock exchange is presumably not possible. Nevertheless the subscription rights can be transferred according to the statutory provisions applicable. **Securitisation and delivery of the New Notes** The New Notes shall be securitised in a global note and deposited with Clearstream Banking AG, Eschborn, presumably on 17 November 2017. The subscribers will receive a credit amounting to their New Notes on their respective collective security deposit of their bank. The delivery of the New Notes shall take place on 24 November 2017. **Terms and conditions of the New Notes and conversion price** See element "*Summary of the Prospectus Concerning the New Notes – Securities – C.8*" **Admission of the contingent capital on which the New Notes are based to trading** It is planned that the contingent capital 2017/II which was created to enable the conversion of notes, is admitted to trading on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) on 23 November 2017, as far as this is necessary in order to enable the conversion of the New Notes. **Trading of the New Notes** It is intended to introduce the New Notes to the Open Market (Quotation Board) of the Frankfurt Stock Exchange on 24 November 2017. **Notice to US Investors** This Prospectus has been prepared pursuant to rules and requirements other than those promulgated under the US federal securities laws, and may not contain disclosures customary, expected or required in registered securities transactions pursuant to the US Securities Act and the applicable rules and requirements thereunder. In particular, this Prospectus may not provide a prospective U.S. investor with all of the financial information typically found in a US transaction of this nature to make an investment decision in the New Notes. Any U.S. investor considering an investment should take this into consideration and ensure that it has reviewed all possible risks and all necessary disclosure on the Company before making an investment in the New Notes.

		The distribution of this Prospectus into jurisdictions other than Germany and Luxembourg may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. **Selling Restrictions** The New Notes and subscription rights have not been and will not be registered under the U.S. Securities Act of 1933 nor with the securities regulatory authorities of any state of the United States of America and may not be offered, sold or otherwise transferred or, in case of the subscription rights, exercised within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. They are also not offered for subscription in Australia, Canada, Japan or South Africa. The acceptance of this offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg may be subject to restrictions. Persons wishing to accept the offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg are asked to inform themselves on restrictions existing outside the Federal Republic of Germany and the Grand Duchy of Luxembourg and to take these into account.
E.4	**A description of any interest that is material to the issue/offer including conflicting interests.**	On 3 November 2017, Baader Bank entered into an agreement with the Company in connection with this offering of New Notes. Therefore, Baader Bank accompanies and advises the Company in the offering of the New Notes. Also Baader Bank participates in the marketing of the New Notes in the intended private placements in Europe and outside the United States in reliance on Regulation S under the Securities Act and in private placements in the United States to QIBs as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act. Based on this agreement, Baader Bank receives a management, structuring and selling fee. Holders of the New Notes have an interest in the admission of their New Notes to trading due to the tradability in the Open Market segment (*Quotation Board*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
E.5	**Lock-up agreements: the parties involved; and indication of the period of the lock-up.**	Pursuant to the Underwriting Agreement New Notes concluded on 3 November 2017 between the Company and Baader Bank, the Company has agreed that it will not, without the prior written consent of Baader Bank, for a period of six months after the listing of the new shares on the stock exchange • purchase or sale shares of the Company or enter into other commitments with an economically similar content; • announce or implement any capital increase from authorized capital (*genehmigtes Kapital*); • submit a resolution for any capital increase to the General Meeting (*Hauptversammlung*); • issue convertible or options bonds (*Wandel- oder Optionsschuldverschreibungen*); • enter into any transaction or act in a way that is similar to the actions listed above. This does not apply (a) to the issuance of the new shares, (b) to the issuance or sale, as

		applicable, of shares or other securities issued under employee participation programs or stock option plans to the employees and/or members of the Executive Management Board of the Company or its subsidiaries as well as (c) to the issuance of shares against contributions in kind directly to contractual partners in connection with any acquisition, equity investment or joint venture. The necessary consent of Baader Bank shall not be unreasonably withheld.
E.7	**Estimated expenses charged to the investor by the issuer or the offeror.**	Not applicable. Neither the Company nor Baader Bank will charge any expenses to the investors. For the subscription of New Notes, the custodian banks shall charge the usual commission to the account of the shareholders exercising their subscription right.

ZUSAMMENFASSUNG DES PROSPEKTS HINSICHTLICH DER NEUEN SCHULDVERSCHREIBUNGEN

Zusammenfassungen bestehen aus Veröffentlichungspflichten, die als „Elemente" bezeichnet werden. Diese Elemente sind in den nachfolgenden Abschnitten A bis E (A.1 bis E.7) aufgezählt. Diese Zusammenfassung enthält alle Elemente, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten enthalten sein müssen. Da einige Elemente für die vorliegende Art des Wertpapiers und/oder der Emittentin nicht relevant sind und daher nicht gemacht werden müssen, können Lücken in der Aufzählungsreihenfolge der Elemente bestehen. Auch wenn ein Element in der Zusammenfassung für diese Art von Wertpapieren und Emittenten enthalten sein muss, kann es sein, dass keine relevante Information im Hinblick auf die Elemente gemacht werden kann. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung der Elemente mit dem Hinweis „entfällt".

A - EINLEITUNG UND WARNHINWEISE		
A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einführung zu diesem Wertpapierprospekt (der „**Prospekt**") verstanden werden. Bei jeder Anlageentscheidung sollte sich der Anleger auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Heidelberg Pharma AG, geschäftsansässig: Schriesheimer Strasse 101, 68526 Ladenburg, Deutschland, (vormals Wilex AG, Grillparzerstrasse 18, 81675 München) („**Heidelberg Pharma**", die „**Gesellschaft**" oder die „**Emittentin**" und zusammen mit ihrer konsolidierten Tochtergesellschaft Heidelberg Pharma Research GmbH, „**Heidelberg Pharma Research**", die „**Heidelberg Pharma Gruppe**" oder die „**Gruppe**", vormals die WILEX Gruppe) und Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Deutschland, (die „**Baader Bank**") übernehmen gemäß § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes (das „**WpPG**") die Verantwortung für den Inhalt dieser Zusammenfassung einschließlich etwaiger Übersetzungen hiervon. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich der Übersetzung hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Zustimmung zur Verwendung des Prospekts durch Finanzintermediäre.**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre ist nicht erteilt worden.
B - EMITTENT		
B.1	**Juristische und kommerzielle Bezeichnung.**	Emittentin der Wertpapiere ist die Heidelberg Pharma AG. Im geschäftlichen Verkehr verwendet die Gesellschaft auch die kommerzielle Bezeichnung „Heidelberg Pharma".
B.2	**Sitz, Rechtsform, geltendes Recht, Land der Gründung.**	Die Gesellschaft hat ihren Sitz in Ladenburg, Deutschland. Die Gesellschaft ist eine nach dem deutschen Recht gegründete und bestehende Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts Mannheim unter der Registernummer HRB 728735.

B.4b	**Alle bereits bekannten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Jüngste Fortschritte in der Forschung und Entwicklung im Kampf gegen Krebs gewähren neue wissenschaftliche Einblicke in die Komplexität der Krebsbiologie. Dabei besteht weiterhin ein enormer medizinischer Bedarf zur Weiterentwicklung der Behandlungsoptionen in der Onkologie. Dies ebnet den Weg für kontinuierliche Entwicklung von medizinischen Behandlungen, um den wissenschaftlichen Fortschritt in neue Medikamente umzusetzen. Die Erfahrung hat gezeigt, dass kein Allheilmittel in der Krebstherapie existiert, allerdings zeigen sich Kombinationen aus bestehenden und neuen Therapieansätzen als immer erfolgreicher. Daher könnte die neue Innovationswelle von immunonkologischen Ansätzen synergetisch zu oder neben den neuen und effektiveren gezielten Therapien wie die Antibody Targeted Amanitin Conjugate (Antikörper-Amanitin-Konjugatge) („**ATAC**“) Technologie stehen und es so der Gesellschaft ermöglichen, einen attraktiven Anteil an dem konstant wachsenden Markt von Krebstherapien zu erhalten.
B.5	**Beschreibung der Gruppe und Stellung des Emittenten innerhalb dieser Gruppe.**	Zum Datum des Prospekts besteht die Heidelberg Pharma Gruppe aus der Emittentin als Muttergesellschaft und Heidelberg Pharma Research GmbH (ehemals Heidelberg Pharma GmbH, die am 1. August 2017 in Heidelberg Pharma Research GmbH umbenannt wurde) als konsolidierte Tochtergesellschaft.
B.9	**Gewinnprognosen oder –schätzungen**	Basierend auf den derzeitigen laufenden Entwicklungen im Geschäftsjahr endend zum 30. November 2017 erwartet die Gesellschaft gegenwärtig ein negatives Ergebnis vor Zinsen und Steuern (Earnings Before Interest and Taxes, EBIT) der Heidelberg Pharma Gruppe von EUR 9 bis EUR 11 Mio. für das laufende Geschäftsjahr 2017.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Deloitte hat in Übereinstimmung mit § 317 HGB und den vom Institut der Wirtschaftsprüfer veröffentlichten deutschen Prüfungssstandards die Konzernabschlüsse der Emittentin für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 und den Jahresabschluss der Emittentin für das Geschäftsjahr endend zum 30. November 2016, erstellt nach handelsrechtlichen Vorschriften (HGB), geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen. Allerdings enthält der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2016 den folgenden ergänzenden Hinweis: *„Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt „7 Risikobericht“, Unterabschnitte „Bestandsgefährdende Risiken“, „Finanzierungsrisiken“ und „Gesamtbeurteilung der Risikolage“ des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie der Heidelberg Pharma GmbH und der planmäßigen Umsetzung der Finanzierungsstrategie abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich der Höhe oder des Zeitpunkts finanzieller Zuflüsse als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht.“* Der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2015 enthielt den folgenden ergänzenden Hinweis: *„Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt „7 Risikobericht“, Unterabschnitte „Bestandsgefährdende Risiken“, „Finanzierungsrisiken“ und „Gesamtbeurteilung der Risikolage“ des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie*

		der Heidelberg Pharma GmbH und der planmäßigen Umsetzung der Finanzierungsstrategie abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich der Höhe oder des Zeitpunkts finanzieller Zuflüsse als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht." Der Bestätigungsvermerk zum Konzernabschluss (IFRS) für das Geschäftsjahr endend zum 30. November 2014 enthielt den folgenden ergänzenden Hinweis: „*Ohne diese Beurteilung einzuschränken, weisen wir auf die Ausführungen in Abschnitt „7 Risikobericht", Unterabschnitte „Bestandsgefährdende Risiken", „Finanzierungsrisiken" und „Gesamtbeurteilung der Risikolage" des Konzernlageberichts hin. Dort wird ausgeführt, dass der Fortbestand des WILEX-Konzerns maßgeblich von der erfolgreichen Kommerzialisierung der ADC-Technologie der Tochtergesellschaft Heidelberg Pharma GmbH, der Verwertung der Entwicklungskandidaten der Wilex AG und dem planmäßigen Abschluss der Restrukturierungsmaßnahmen abhängt. Sollten sich die getroffenen Planannahmen hinsichtlich Höhe oder Zeitpunkt als unzutreffend erweisen und/oder es WILEX nicht gelingen, die für die Weiterentwicklung der ADC-Technologie benötigte Liquidität vom Kapitalmarkt zu erhalten, ist der Fortbestand des WILEX-Konzerns bedroht*."
B.12	**Ausgewählte wesentliche historische Finanzinformationen über den Emittenten.**	Die Gesellschaft hat ihre Konzernabschlüsse für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 gemäß den International Financial Reporting Standards, wie sie in der EU anzuwenden sind („**IFRS**") und den ergänzenden handelsrechtlichen Vorschriften des deutschen Handelsgesetzbuches („**HGB**") nach § 315a Absatz 1 HGB erstellt. Der ungeprüfte Konzernzwischenabschluss für den Neun-Monats-Zeitraum endend zum 31. August 2017 wurde nach den Bestimmungen der IFRS für Zwischenberichterstattung (IAS 34) erstellt. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Reichskanzler-Müller-Straße 25, 68165 Mannheim, („**Deloitte**") hat die Konzernabschlüsse der Gesellschaft für die Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014 geprüft und jeweils einen uneingeschränkten Bestätigungsvermerk erteilt. Jeder Bestätigungsvermerk enthält jeweils einen ergänzenden Hinweis (s. B.10 oben). Sofern keine anderweitigen Hinweise bestehen, wurden die nachfolgend ausgewählten Finanzdaten der Geschäftsjahre endend zum 30. November 2016, 30. November 2015 und 30. November 2014, welche als „geprüft" bezeichnet wurden, aus den oben genannten Konzernabschlüssen der Gesellschaft entnommen. Hingegen wurden die nachfolgend ausgewählten Finanzdaten, welche als „ungeprüft" bezeichnet sind, aus dem oben genannten ungeprüften Konzernzwischenabschluss entnommen, oder sie basieren auf Kalkulationen aus den oben genannten Quellen.

AUSGEWÄHLTE KENNZAHLEN AUS DEN KONZERN-BILANZEN

	30. November			31. August
	2016	**2015**	**2014**	**2017**
		(geprüft) in EUR		**(ungeprüft) in EUR**
VERMÖGENSWERTE				
Sachanlagen	1.266.847	985.053	1.052.891	1.289.767
Immaterielle Vermögenswerte	2.842.216	2.867.070	2.948.199	2.823.083
Geschäfts- oder Firmenwert	6.111.166	6.111.166	6.111.166	6.111.166
Finanzielle Vermögenswerte	0	0	1.777.083	0

Sonstige langfristige Vermögenswerte	31.350	69.980	230.277	51.278
Langfristige Vermögenswerte	**10.251.579**	**10.033.268**	**12.119.616**	**10.275.294**
Vorräte	190.238	279.168	189.710	177.437
Geleistete Vorauszahlungen	41.888	22.451	74.334	25.214
Forderungen aus Lieferungen und Leistungen	91.343	366.749	177.359	125.530
Sonstige Forderungen	92.042	94.604	272.033	17.787
Zahlungsmittel und Zahlungsmitteläquivalente	4.574.382	1.305.697	2.196.808	4.490.755
Kurzfristige Vermögenswerte	**4.989.894**	**2.068.669**	**2.910.244**	**4.836.722**
Summe Vermögenswerte	**15.241.473**	**12.101.937**	**15.029.860**	**15.112.017**
EIGENKAPITAL UND VERBINDLICHKEITEN				
Gezeichnetes Kapital	12.927.564	9.305.608	7.818.876	14.968.380
Kapitalrücklage	191.076.991	188.033.840	185.364.837	194.107.396
Kumulierte Verluste	-194.248.324	-187.859.29 0	-181.307.673	-201.867.435
Eigenkapital	**9.756.231**	**9.480.158**	**11.876.040**	**7.208.341**
Pensionsverpflichtungen	7.130	5.210	0	7.130
Sonstige langfristige Verbindlichkeiten	0	0	3.048	0
Langfristige Verbindlichkeiten	**7.130**	**5.210**	**3.048**	**7.130**
Verbindlichkeiten aus Lieferungen und Leistungen	132.063	279.205	276.618	660.748
Verbindlichkeiten aus Leasingverhältnissen	0	0	77.482	0
Rückstellungen	408.201	468.528	730.509	408.201
Sonstige kurzfristige Verbindlichkeiten	1.189.819	1.868.837	2.066.162	2.948.396
Finanzielle Verbindlichkeiten	3.748.028	0	0	3.879.200
Kurzfristige Verbindlichkeiten	**5.478.112**	**2.616.569**	**3.150.771**	**7.896.545**
Summe Eigenkapital und Verbindlichkeiten	**15.241.473**	**12.101.937**	**15.029.860**	**15.112.017**

AUSGEWÄHLTE KENNZAHLEN AUS DEN KONZERN-GEWINN- UND VERLUSTRECHNUNGEN

	Geschäftsjahr endend zum 30. November			Neun Monate endend zum 31. August	
	2016	**2015**	**2014**	**2017**	**2016**
		(geprüft) in EUR		**(ungeprüft) in EUR**	
Umsatzerlöse	1.362.137	2.283.864	3.596.634	1.392.594	1.103.741
Sonstige Erträge	1.381.320	1.637.574	1.413.104	235.205	1.169.237
Erträge	**2.743.458**	**3.921.438**	**5.009.738**	**1.627.798**	**2.272.979**
Herstellungskosten	-809.061	-1.139.865	-1.354.564	-576.621	-541.582
Forschungs- und Entwicklungskosten	-6.119.032	-4.444.590	-5.571.952	-6.407.359	-4.281.764
Verwaltungskosten	-1.954.236	-4.512.150	-3.176.893	-1.985.909	-1.387.814
Sonstige Aufwendungen	- 222.159	-341.337	-482.765	-109.169	-173.780
Betriebliche Aufwendungen	**-9.104.488**	**-10.437.941**	**-10.586.174**	**-9.079.059**	**-6.384.940**
Betriebsergebnis	**-6.361.030**	**-6.516.503**	**-5.576.436**	**-7.451.261**	**-4.111.962**

	Finanzierungserträge	1.161	3.166	86.851	0	1.034
	Finanzierungsaufwendungen	- 19.719	-545	-118.073	-167.850	-1.691
	Finanzergebnis	**- 18.559**	2.621	**-31.222**	**-167.850**	**-657**
	Ergebnis vor Steuern	**-6.379.589**	**-6.513.881**	**-5.607.658**	**-7.619.111**	-4.112.619
	Ertragsteuern	-9.445	-37.736	-93.191	0	-9.434
	Jahresergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**
	Gesamtergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**

AUSGEWÄHLTE KENNZAHLEN AUS DEN KONZERN-KAPITALFLUSSRECHNUNGEN

	Geschäftsjahr endend zum 30. November			**Neun Monate endend zum 31. August**	
	2016	**2015**	**2014**	**2017**	**2016**
		(geprüft) in EUR		**(ungeprüft) in EUR**	
Jahresergebnis	**-6.389.034**	**-6.551.617**	**-5.700.849**	**-7.619.111**	**-4.122.053**
Anpassungen für Posten der Gesamtergebnisrechnung	**386.057**	**2.716.871**	**1.224.116**	**482.982**	**310.097***
Veränderungen der Bilanzposten	**-531.378**	**-962.388**	**-2.031.808**	**2.468.050**	**-348.272***
Cash Flow aus der betrieblichen Geschäftstätigkeit	**-6.534.355**	**-4.797.135**	**-6.508.542**	**-4.668.079**	**-4.160.228**
Nettomittelveränderung aus der betrieblichen Geschäftstätigkeit	**-6.534.884**	**-4.796.042**	**-6.620.125**	**-4.704.757**	**-4.161.597**
Nettomittelveränderung aus der Investitionstätigkeit	**-537.869**	**-207.026**	**-195.797**	**-332.867**	**-450.166**
Nettomittelveränderung aus der Finanzierungstätigkeit	**10.334.970**	**4.101.907**	**-38.444**	**4.974.977**	**6.586.942**
Einfluss von Wechselkurseffekten auf die Zahlungsmittel	6.468	10.048	131.111	-20.979	-11.529
Nettoveränderung an Zahlungsmitteln und Zahlungsmitteläquivalenten	**3.268.685**	**-891.111**	**-6.723.256**	**-83.627**	**1.963.650**
Zahlungsmittel und Zahlungsmitteläquivalente am Periodenanfang	1.305.697	2.196.808	8.920.064	4.574.382	1.305.697
Zahlungsmittel und Zahlungsmitteläquivalente zum Periodenende	4.574.382	1.305.697	2.196.808	4.490.755	3.269.347

* geändert

Wesentliche Verschlechterung der Aussichten des Emittenten	Am 9. Oktober 2017 hat die Gesellschaft ihre Gewinnprognose für das laufende Geschäftsjahr angepasst. Hintergrund für die Absenkung der Umsatzprognose ist zum einen die Umsatzabgrenzung aus dem Vertrag mit Takeda Pharmaceutical Company Limited, bei der die erste Zahlung zugunsten kommender Quartale verteilt werden musste. Außerdem gibt es eine Verschiebung der Meilensteinzahlungen von Link Health Co. Seit 31. August 2017 sind die Zahlungsmittel und Zahlungsmitteläquivalente im Rahmen des normalen Geschäftsverlaufs plangemäß zurückgegangen. Mit Ausnahme des Vorgenannten haben sich seit dem Datum des letzten veröffentlichten geprüften Konzernabschlusses die Aussichten der Emittentin nicht wesentlich verschlechtert.
Wesentliche Änderung der Finanzlage oder Handelsposition des Emittenten	Im Geschäftsjahr 2015 sind die Umsatzerlöse der Heidelberg Pharma Gruppe um 36% auf TEUR 2.284 (2014: TEUR 3.597) gesunken und führten zusammen mit den sonstigen Erträgen in Höhe von TEUR 1.638 (2014: TEUR 1.413) zu Gesamterträge von TEUR 3.921 (2014: TEUR 5.010). Das Betriebsergebnis (EBIT) der Heidelberg Pharma Gruppe belief sich im Jahr 2015 auf TEUR -6.517 (2014: TEUR -5.576) und der Jahresfehlbetrag

		erhöhte sich auf TEUR 6.552 im Geschäftsjahr 2015 (2014: TEUR 5.701). Zum 30. November 2015 hat sich der Bestand an liquiden Mitteln der Gruppe auf TEUR 1.306 verringert, verglichen mit TEUR 2.197 zum 30. November 2014. Im Geschäftsjahr 2016 erzielte die Heidelberg Pharma Gruppe Umsatzerlöse von TEUR 1.362 (2015: TEUR 2.284) und sonstige Erträge in Höhe von TEUR 1.381 (2015: TEUR 1.638) und damit Gesamterträge von TEUR 2.743 (2015: TEUR 3.921). Das Betriebergebnis (EBIT) der Heidelberg Pharma Gruppe wies ein operatives Ergebnis von TEUR -6.361 (2015: TEUR -6.517) für das Geschäftsjahr 2016 aus. Der Jahresfehlbetrag der Gruppe konnte im Jahr 2016 leicht um 2% auf TEUR 6.389 gegenüber dem Vorjahr (2015: TEUR 6.552) verringert werden. Die liquiden Mittel haben sich am Ende des Geschäftsjahres 2016 auf TEUR 4.574 (30. November 2015: TEUR 1.306) erhöht. In den ersten neun Monaten des Geschäftsjahres 2017 betrugen die Gesamterträge der Heidelberg Pharma Gruppe TEUR 1.628 und das Betriebsergebnis (EBIT) TEUR -7.451. Der Jahresfehlbetrag betrug TEUR 7.619. Am Ende des dritten Quartals des Geschäftsjahrs 2017 betrugen die Zahlungsmittel und Zahlungsmitteläquivalente der Heidelberg Pharma TEUR 4.491 (30. November 2016: TEUR 4.574). Am 9. Oktober 2017 hat die Gesellschaft ihre Gewinnprognose für das laufende Geschäftsjahr angepasst. Hintergrund für die Absenkung der Umsatzprognose ist zum einen die Umsatzabgrenzung aus dem Vertrag mit Takeda Pharmaceutical Company Limited, bei der die erste Zahlung zugunsten kommender Quartale verteilt werden musste. Außerdem gibt es eine Verschiebung der Meilensteinzahlungen von Link Health Co. Seit 31. August 2017 sind die Zahlungsmittel und Zahlungsmitteläquivalente im Rahmen des normalen Geschäftsverlaufs plangemäß zurückgegangen. Mit Ausnahme des Vorgenannten, waren ab dem 31. August 2017 bis zum Datum dieses Prospekts keine erheblichen Änderungen der Finanzlage und des Betriebsergebnisses der Emittentin zu verzeichnen.
B.13	**Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Emittenten, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind.**	Entfällt. Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.
B.14	**Beschreibung der Gruppe und Stellung des Emittenten innerhalb dieser Gruppe.**	Siehe Element „Zusammenfassung des Prospekts hinsichtlich der neuen Schuldverschreibungen – *Emittent – B.5*“
	Ist der Emittent von anderen Unternehmen der Gruppe abhängig, ist dies klar anzugeben.	Entfällt. Eine Abgängigkeit der Emittentin von anderen Unternehmen der Gruppe besteht nicht.
B.15	**Beschreibung der Haupttätigkeiten des Emittentens.**	Heidelberg Pharma ist ein im Bereich der Onkologie tätiges biopharmazeutisches Unternehmen mit einer konsolidierten Tochtergesellschaft. Mit der ATAC-Technologie beabsichtigt die Gesellschaft neue Therapeutika im Kampf gegen Krebs zu entwickeln. Die Gesellschaft lizensiert ihre Technologie an andere Unternehmen aus und baut ein

		eigenes proprietäres Portfolio von ATAC-Zusammensetzungen auf, welche sich allesamt in der präklinischen Phase befinden. Durch Verwendung verschiedener Antikörper mit unterschiedlichen Bindungseigenschaften beabsichtigen die Gruppe und ihre Partner die Anwendung dieser Technologie auf verschiedene Krebsarten. Darüber hinaus verfügt die Gesellschaft über ein Altportfolio an klinischen Krebstherapeutika und –diagnostika mit Studien in der klinischen Phase II und III, wovon sie zwei Kandidaten zur weiteren Entwicklung an andere Unternehmen auslizensiert hat. Zusätzlich bietet die Gruppe präklinische pharmakologische Dienstleistungen an.
B.16	**Angaben ob an dem Emittenten unmittelbare oder mittelbare Beteiligungen oder Beherrschungs-verhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist.**	Der Aktienbesitz von Herrn Dietmar Hopp inklusive von ihm kontrollierter Unternehmen liegt über der Schwelle von 50 %. Er ist Mehrheitsaktionär und kann die Heidelberg Pharma und ihre Tochtergesellschaft weitgehend kontrollieren bzw. einen merklichen Einfluss auf die Gesellschaft ausüben. Daher ist die Heidelberg Pharma ein abhängiges Unternehmen im Sinne des § 17 Abs. 1 AktG, da es im Mehrheitsbesitz der DH-Holding GmbH & Co. KG und von mit ihr verbundenen Unternehmen (dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH) steht, welche allesamt einer gleich gerichteten Interessenlage vom Investor, Herrn Dietmar Hopp, zuzuordnen sind.
C - WERTPAPIERE		
C.1	**Beschreibung von Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpa-piere, einschließlich jeder Wertpapierkennung.**	Gegenstand des Angebots sind 14.968.380 Wandelschuldverschreibungen im Nennbetrag von jeweils EUR 1,00, mithin im Gesamtnennbetrag von EUR 14.968.380,00 mit Wandlungsrecht in auf den Inhaber lautenden Stückaktien mit einem anteiligen Betrag des Grundkapitals in Höhe von EUR 1,00 je Aktie (nachstehend die „**Neuen Schuldverschreibungen**“) ISIN: DE000A2GSZA0 WKN: A2G SZA
C.2	**Währung der Wertpapieremission.**	Euro
C.5	**Beschreibung aller etwaig-en Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die Neuen Schuldverschreibungen sind frei übertragbar.
C.8	**Beschreibung der mit den Wertpapieren verbundenen Rechte einschließlich der Rangordnung und Beschränkungen dieser Rechte.**	• **Rang** Die Verpflichtungen der Gesellschaft aus den Neuen Schuldverschreibungen stellen unbesicherte und nicht nachrangige Verpflichtungen der Gesellschaft dar und haben mindestens den gleichen Rang wie alle anderen unbesicherten und nicht nachrangigen Verpflichtungen der Gesellschaft hinsichtlich aufgenommener Gelder. Im Falle einer Insolvenz der Gesellschaft haben die Anleihegläubiger den gleichen Rang wie alle anderen unbesicherten und nicht nachrangigen Gläubiger der Gesellschaft. • **Wandlungsrecht der Neuen Schuldverschreibungen** Jede Neue Schuldverschreibung gewährt das Recht, die Neuen Schuldverschreibungen zum Wandlungsverhältnis in auf den Inhaber lautenden Stückaktien der Gesellschaft mit einem auf eine Aktie entfallenden anteiligen Betrag des Grundkapitals der Gesellschaft von EUR 1,00 zu wandeln. Das Wandlungsrecht kann durch einen Anleihegläubiger ab dem 50. Tag nach dem Ausgabetag (voraussichtlich ab dem 11. Januar 2018) bis zum Endfälligkeitstag vorbehaltlich bestimmter Nichtausübungszeiträume ausgeübt werden.

		• **Wandlungspreis und Wandlungsverhältnis** Der Wandlungspreis je Aktie wird voraussichtlich am 16. November 2017 auf der Basis des Höheren der beiden nachfolgenden Beträge abzüglich eines möglichen vom Vorstand der Heidelberg Pharma AG mit Zustimmung des Aufsichtsrats festzulegenden Abschlags von bis zu 20% ermittelt werden: (i) der ungewichtete Durchschnitt der Schlusspreise der bestehenden Aktien der Gesellschaft vom Beginn der Bezugsfrist am 7. November 2017 (einschließlich) bis zum Handelsschluss am 16. November 2017 oder (ii) der Schlusspreis der bestehenden Aktien der Gesellschaft am 16. November 2017. „Schlusspreis" ist, im Hinblick auf jeden einzelnen Börsenhandelstag, der im XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse in der Schlussauktion ermittelte Schlusskurs oder, wenn ein solcher Schlusskurs an dem betreffenden Handelstag nicht ermittelt wird, der letzte im fortlaufenden XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse ermittelte Preis der Aktie der Gesellschaft. Weitere Anpassungen des Wandlungspreises sind danach nach Maßgabe der Anleihebedingungen möglich. Das Wandlungsverhältnis errechnet sich durch die Division des Nennbetrages einer Schuldverschreibung durch den Wandlungspreis. • **Pflichtwandlung** Die Gesellschaft kann die Wandlung der Neuen Schuldverschreibungen in Aktien der Gesellschaft verlangen. Die Pflichtwandlung erfolgt zum Wandlungspreis und jede Neue Schuldverschreibung wird im Wandlungsverhältnis in auf den Inhaber lautende Stückaktien der Gesellschaft mit einem auf eine Aktie entfallenden anteiligen Betrag des Grundkapitals der Gesellschaft von EUR 1,00 gewandelt. Die Pflichtwandlung kann am Ende der Laufzeit der Neuen Schuldverschreibungen verlangt werden. • **Keine zusätzliche Zahlung** Es ist keine zusätzliche Zahlung im Rahmen einer Wandlung der Neuen Schuldverschreibungen in Aktien der Gesellschaft durch Anleihegläubiger oder bei einer Pflichtwandlung erforderlich. Bruchteile von Aktien werden nicht geliefert, sondern in Geld nach einer Addition von Bruchteilen gemäß den Anleihebedingungen ausgeglichen. • **Verwässerungsschutz** Die Anleihebedingungen enthalten diverse Regelungen für einen Verwässerungsschutz. Nach diesen Regelungen kann eine Anpassung des Wandlungspreises und damit des Wandlungsverhältnisses erfolgen, beispielsweise im Falle einer Kapitalerhöhung aus Gesellschaftsmitteln, eines Aktiensplitts, von Ausschüttungen etc. • **Rückerwerb** Die Gesellschaft und/oder mit ihr verbundene Unternehmen sind berechtigt, jederzeit Neue Schuldverschreibungen gemäß den anwendbaren Gesetzen zu erwerben. Jede erworbene Neue Schuldverschreibung kann entwertet oder gehalten oder wiederveräußert werden. • **Kündigungsrecht** Jeder Anleihegläubiger ist bei Vorliegen eines wichtigen Grundes berechtigt, seine sämtlichen Ansprüche aus den Neuen Schuldverschreibungen zu kündigen und fällig zu stellen und Rückzahlung des Nennbetrags zu verlangen. Ein solcher wichtiger Grund liegt insbesondere vor: (i) im Falle der Eröffnung eines Insolvenzverfahrens über das Vermögen der Gesellschaft oder im Falle der Ablehnung der Eröffnung eines solchen Insolvenzverfahrens mangels Masse; oder (ii) wenn die Gesellschaft aufgrund eines Liquidationsbeschlusses der Hauptversammlung liquidiert wird.

		• **Negativverpflichtung** Die Gesellschaft verpflichtet sich, ihr Vermögen nicht ganz oder teilweise zu verpfänden, zu belasten oder anderweitig als Sicherheit zu verwenden, um gegenwärtige oder zukünftige Kapitalmarktverbindlichkeiten in Gestalt von Obligationen, Schuldverschreibungen, Pfandbriefen, Obligationsanleihen oder anderen Wertpapieren, die an Börsen, OTC- oder anderen Wertpapiermärkten notiert, gelistet oder anderweitig gehandelt werden können, bzw. Schuldscheindarlehen zu besichern. • **Anwendbares Recht und Gerichtsstand** Form und Inhalt der Neuen Schuldverschreibungen sowie sämtliche sich aus den Anleihebedingungen ergebenden Rechte und Pflichten bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland. Gerichtsstand für alle Rechtsstreitigkeiten aus den in den Anleihebedingungen geregelten Angelegenheiten sowie den Neuen Schuldverschreibungen ist, soweit rechtlich zulässig, Heidelberg, Deutschland.
C.9	**Beschreibung der mit den Wertpapieren verbundenen Rechte einschließlich der Rangordnung und Beschränkungen dieser Rechte.**	Siehe Element „Zusammenfassung des Prospekts hinsichtlich der neuen Schuldverschreibungen – *Wertpapiere – C.8*“
	nominaler Zinssatz / Zinszahlunbgs- und –fälligkeitstermine / Beschreibung des Zinsbasiswerts	Entfällt. Auf die Neuen Schuldverschreibungen werden keine Zinszahlungen geleistet (zero coupon).
	Fälligkeitstermin und Vereinbarungen für die Darlehenstilgung, einschließlich des Rückzahlungsverfahren	Die Neuen Schuldverschreibungen werden am 22. November 2019 zu ihrem Nennbetrag zurückgezahlt, sofern sie nicht zuvor zurückgezahlt, gewandelt, zurückgekauft oder gekündigt werden oder die Emittentin von ihrem Pflichtwandlungsrecht Gebrauch macht.
	Angabe der Rendite	Entfällt. Auf die Neuen Schuldverschreibungen werden keine Zinszahlungen geleistet (zero coupon).
	Name des Vertreters der Schuldtitelinha	Entfällt. Ein gemeinsamer Vertreter der Anleihegegläubiger ist nicht bestellt.
C.10	**(C.9)**	Siehe Element „Zusammenfassung des Prospekts hinsichtlich der neuen Schuldverschreibungen – *Wertpapiere – C.9*“
	Derivative Komponenten bei der Zinszahlung	Entfällt. Auf die Neuen Schuldverschreibungen werden keine Zinszahlungen geleistet (zero coupon).
C.11	**Zulassung zum Handel an einem geregelten Markt oder anderen gleichwertigen Märkten**	Entfällt. Die Neuen Schuldverschreibungen sollen nicht an einem geregelten Markt oder anderen gleichwertigen Märkten zugelassen werden. Es ist jedoch geplant, die Neuen Schuldverschreibungen in den Open Market (Quotation Board) an der Frankfurter Wertpapierbörse am 24. November 2017 einzubeziehen.
C.20	**Beschreibung der Art des Basiswerts**	Die Aktien der Emittentin sind auf den Inhaber lautenden Stückaktien mit einem anteiligen Betrag des Grundkapitals in Höhe von EUR 1,00. Die neuen Aktien, die aufgrund der Wandlung aus dem bedingtem Kapital 2017/II der Emittentin ausgegeben werden, sind ab Beginn des Geschäftsjahres der Emittentin, in dem die Aktien ausgegeben

		werden, für dieses und alle folgenden Geschäftsjahre der Emittentin dividendenberechtigt; soweit neue Aktien jedoch noch vor der Hauptversammlung ausgegeben werden, die über die Verwendung des Bilanzgewinns des vorangegangenen Geschäftsjahres beschließt, gilt die Dividendenberechtigung auch für das ihrer Ausgabe vorangegangene Geschäftsjahr.
D - RISKEN		
D.2	**Zentrale Angaben zu den zentralen Risiken, die dem Emittenten eigen sind.**	**Die folgenden Risiken enthalten mehrere erhöhte Risiken, einschließlich, aber nicht hierauf beschränkt, Risiken in Bezug auf die Finanzierung der Gruppe. Eine potentielle Verwirklichung dieser Risiken könnte Heidelberg Pharma und/oder Heidelberg Pharma Research dazu zwingen, ein Insolvenzverfahren zu beantragen. In diesem Fall würden die Aktionäre der Heidelberg Pharma einen totalen Wertverlust ihrer Schuldverschreibungen erleiden. Die Risiken in Bezug auf die Finanzierung der Gruppe umfassen, ohne hierauf beschränkt zu sein, die Tatsache, dass die Gruppe – sofern sie nicht in der Lage ist, zusätzliche kurzfristige Mittel in Form von Erlösen aus diesem Angebot einzuwerben – im April 2018 nicht mehr ausreichend Geschäftskapital und Liquidität haben wird, um ihr Geschäft in der Zukunft weiterführen zu können.** **Finanzierungsrisiken** • Heidelberg Pharma hat nicht ausreichend Geschäftskapital, um ihre Liquiditätsanforderungen innerhalb der nächsten zwölf Monate erfüllen zu können und ist möglicherweise nicht in der Lage, ausreichend Mittel einzuwerben. • Die Gruppe ist möglicherweise nicht in der Lage, mittelfristig profitabel zu sein und ihren Zahlungsverpflichtungen nachzukommen. • Die Gruppe ist möglicherweise nicht in der Lage, zusätzliche Fremdkapital- oder Eigenkapitalmittel zur Finanzierung ihrer Geschäftstätigkeit einzuwerben, was die Gesellschaft zur Einleitung eines Liquidationsverfahrens oder die Anmeldung der Insolvenz zwingen könnte. • Eine mögliche Wertminderung von Vermögenswerten könnte die Finanzierungsfähigkeit der Gruppe negativ beeinflussen. • Die Anerkennung von steuerlichen Verlustvorträgen könnte eingeschränkt sein. • Die Erlöse aus dem Angebot könnten der Heidelberg Pharma nicht ausreichen. • Heidelberg Pharma verzeichnete in der Vergangenheit Verluste, erwartet weitere Verluste in der Zukunft und es ist nicht gesichert, dass die Gesellschaft irgendwann Gewinne erzielen wird. **Operative Risiken** • Die Gruppe hängt in signifikanter Weise vom Erfolg der ATAC-Technologie als ihrem führenden Produkt ab, auf den die Gruppe einen substantiellen Teil ihres Geschäfts sowie ihrer finanziellen Ressourcen fokussiert hat und für das derzeit nur ein bedeutender Lizenzvertrag für die Entwicklung besteht. • Sollte die Entwicklung der ATAC-Technologie oder ihrer Produktkandidaten wie das BCMA(B-cell maturation antigens)-Antikörper-Projekt mit dem Max Delbrück Zentrum eingestellt, signifikant verzögert oder vor ihrer Kommerzialisierung oder Vermarktung stillgelegt werden, hätte dies erhebliche negative Auswirkungen auf das Geschäft der Gruppe. • Die Heidelberg Pharma Gruppe ist erheblichen Risiken in Bezug auf die Entwicklung ihrer Produkte und ihrer Technologie ausgesetzt. • Die behördlichen Zulassungen von derzeitigen und zukünftigen Produktkandidaten könnte ganz versagt oder nur mit erheblichen Verzögerungen erteilt werden. • Die Gesellschaft ist weitestgehend von Lizenzvereinbarungen mit Dritten, insbesondere die Lizenzvereinbarung über die ATAC-Technologie mit Professor

		Heinz Faulstich und dem Deutschen Krebsforschungszentrum (DKFZ) zur Entwicklung ihrer ATAC-Technologie und der Lizenzvereinbarung hinischtlich der Antikörper für den Arzneimittelkandidaten HDP-101 abhängig. Die Beendigung einer dieser Lizenzvereinbarungen könnte erhebliche negative Auswirkungen auf das Geschäft der Gesellschaft haben, zu einem Abbruch der Entwicklung der ATAC-Technologie und/oder des Arzneimittelkandidaten HDP-101 führen und die Gesellschaft im Ergebnis dazu zwingen, in die Liquidation einzutreten oder Insolvenz anzumelden. • Die Gruppe hängt von Auftragsverarbeitern für die Belieferung von Inhaltsstoffen für und die Produktion ihrer Arzneimittel ab, deren Verlust sich erheblich nachteilig auf die Geschäfte der Gesellschaft auswirken kann. • Dienstleister der Gruppe könnten gänzlich ausfallen oder es könnte bei diesen zu Qualitäts- bzw. Kapazitätsproblemen kommen. • Es ist ungewiss, ob Arzneimittel der Heidelberg Pharma Gruppe letztlich erfolgreich in den Markt eingeführt werden. **Externe Risiken** • Die Gruppe ist Wettbewerb von etablierten Wettbewerbern ausgesetzt und erwartet zukünftig weitere Konkurrenz. Die Gruppe ist möglicherweise im gesamt-biomedizinischen Markt nicht erfolgreich. **Strategische Risiken** • Die Gruppe wird von Lizenznehmern zur Vermarktung ihrer Produkte abhängig sein. Ein Scheitern könnte die erfolgreiche Einführung ihrer Produkte verzögern oder verhindern. **Sonstige Risiken** • Die Gruppe ist rechtlichen Risiken, insbesondere Rechtsstreitigkeiten in den USA, ausgesetzt. • Die Gruppe könnte bestehende amtliche Vorschriften nicht einhalten und das Risikomanagement sowie die internen Kontrollen könnten nicht Gesetzes- und Compliance-Verstöße verhindern oder aufdecken, die zu erheblichen Strafen und/oder zusätzlichen Kosten führen können. • Der Mietvertrag über das Betriebsgrundstück in Ladenburg könnte kurzfristig beendet werden.
D.6	**Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind; Risiko eines ganz oder teilweisen Verlusts des Kapitaleinsatzes**	• Für die Neuen Schuldverschreibungen existiert bisher kein Handelsplatz und die Gesellschaft kann nicht gewährleisten, dass sich ein öffentlicher Markt für die Neuen Schuldverschreibungen entwickelt. • Die Anleihegläubiger verfügen über keine Sicherheiten, so dass sie im Insolvenzfall im Rang mit den anderen unbesicherten und nicht nachrangigen Gläubigern der Emittentin gleichstehen. • Investoren sollten sich nicht auf Wert- oder Gewinnentwicklung der Neuen Schuldverschreibungen verlassen, wenn sie sich von Dritten finanzielle Mittel zur Finanzierung des Kaufpreises der Neuen Schuldverschreibungen leihen. • Die Neuen Schuldverschreibungen sind Nullkupon-Anleihen und ihr Preis ist volatil. • Andere Anleihegläubiger können mit Zustimmung der Emittentin Änderungen der Anleihebedingungen der Neuen Schuldverschreibungen beschließen oder einen gemeinsamen Vertreter aller Anleihegläubiger bestellen. • Sofern ein Anleger vor der Anlage in die Neuen Schuldverschreibungen keine gründliche und detaillierte Beurteilung und Analyse der Anleihebedingungen durchführt, besteht das Risiko, dass die Auswirkungen einer Anlage in die Neuen

		Schuldverschreibungen durch den einzelnen Anleger falsch beurteilt werden. • Der Börsenkurs der Neuen Schuldverschreibung hängt vom Aktienkurs der Gesellschaft ab. Eine negative Entwicklung des Aktienkurses kann zu negativen Auswirkungen auf den Börsenkurs der Neuen Schuldverschreibung führen. • Es besteht das Risiko, dass Anleger die Neuen Schuldverschreibungen im Rahmen des Bezugsangebots zu einem höheren Preis als dem Marktpreis erwerben. • Der Anteilsbesitz von Aktionären, die an diesem Angebot nicht teilnehmen, kann signifikant verwässert werden. • Der Börsenkurs und das Handelsvolumen der Heidelberg Pharma Aktie einschließlich der Neuen Aktien können erheblichen Schwankungen unterliegen. • Der Heidelberg Pharma wird es in naher Zukunft nicht möglich sein wird, Dividenden auszuschütten. Aktionäre müssen sich daher allein auf eine Steigerung des Börsenkurses verlassen, um eine Kapitalrendite zu erlangen. • Anteile an der Gesellschaft können durch zukünftige Kapitalmaßnahmen oder der Ausübung von Aktienoptionen oder Wandlung von Wandelschuldverschreibungen verwässert werden. • Zukünftige Verkäufe von Heidelberg Pharma Aktien durch bestehende und/oder zukünftige Aktionäre können sich negativ auf den Börsenkurs der Aktie der Gesellschaft auswirken. • Der Anteilsbesitz von Aktionären, die an dem Angebot der Neuen Aktien nicht teilnehmen, kann signifikant verwässert werden. • Die Eintragung der Kapitalerhöhung in das Handelsregister der Gesellschaft könnte nicht erfolgen und damit keine Neuen Aktien geschaffen werden.
E - ANGEBOT		
E.2b	**Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegt.**	Die Gesellschaft beabsichtigt, die angenommen Netto-Erlöse von der Veräußerung der Neuen Schuldverschreibungen in einem Betrag von ca. EUR 14,6 Mio. (bei Annahme eines Bruttoerlöses in Höhe von EUR 15 Mio. und geschätzten Kosten von EUR 0,4 Mio.), um das weitere Wachstum und die Entwicklung ihres Geschäfts zu finanzieren. Die Gesellschaft beabsichtigt, den Netto-Erlös aus dem Angebot der Neuen Schuldverschreibungen von ca. EUR 14,6 Mio. (bei Annahme eines Bruttoerlöses in Höhe von EUR 15,0 Mio. und Kosten von EUR 0,4 Mio.) für die Ende 2018 beginnende klinische Entwicklung des proprietären Medikamentenkandidaten HDP-101 zu verwenden. Heidelberg Pharma schätzt, dass die Kosten für die klinischen Studien bis Ende 2021, zu welchem Zeitpunkt der Nachweis der klinischen Machbarkeit erwartet wird, zwischen EUR 7 und 8 Mio. betragen werden. EUR 4 bis 5 Mio. sollen zur Weiterentwicklung eines zweiten ATAC Entwicklungsprojekts verwendet werden, welches noch aus den frühen Projektkandidaten auszuwählen ist. Darüber hinaus beabsichtigt die Gesellschaft, EUR 1 bis 1,5 Mio. für präklinische und nichtklinische Entwicklungen, Patent- und Lizenzkosten sowie für Projektogranisationskosten zu verwenden. Die verbleibenden Netto-Erlöse sollen für allgemeine Unternehmenszwecke, zur Erhöhung des Eigenkapitals sowie zur Förderung finanzieller und strategischer Flexibilität verwendet werden. Die Gesellschaft beabsichtigt diese Netto-Erlöse aus dem Angebot der Neuen Schuldverschreibungen zu diesem Zweck zusätzlich zu dem Teil der Netto-Erlöse aus dem Angebot der neuen Aktien zu verwenden.
E.3	**Beschreibung der Angebotskonditionen**	Den Aktionären wird das Bezugsrecht der Weise gewährt, dass die Baader Bank auf der Grundlage und unter den Bedingungen des Übernahmevertrags für die Neuen Schuldverschreibungen („**Übernahmevertrag Neue Schuldverschreibungen**“) vom 3. November 2017 zur Übernahme der Schuldverschreibungen mit der Verpflichtung

		zugelassen wurde, sie den Aktionären entsprechend ihrem Anteil am Grundkapital zum Bezugspreis zum Bezug anzubieten. Die neuen Aktien, die aufgrund der Wandlung aus dem bedingtem Kapital 2017/II ausgegeben werden, sind ab Beginn des Geschäftsjahres der Gesellschaft, in dem die Aktien ausgegeben werden, für dieses und alle folgenden Geschäftsjahre der Gesellschaft dividendenberechtigt; soweit neue Aktien jedoch noch vor der Hauptversammlung ausgegeben werden, die über die Verwendung des Bilanzgewinns des vorangegangenen Geschäftsjahres beschließt, gilt die Dividendenberechtigung auch für das ihrer Ausgabe vorangegangene Geschäftsjahr. Etwaige nicht bezogene Neue Schuldverschreibung werden auf Grundlage der im Übernahmevertrag Neue Schuldverschreibungen festgelegten Bedingungen im Rahmen von Privatplatzierungen an dievini und Investoren in Europa und außerhalb der USA basierend auf Regulation S des US Securities Act von 1933, in der zuletzt geänderten Fassung, („**Securities Act**“) sowie im Wege von Privatplatzierungen in den USA an „qualifizierte institutionelle Käufer“ (sog. qualified institutional buyers – QIBs), wie sie in Rule 144A des Securities Acts definiert sind unter Bezugnahme auf eine Ausnahme von Section 4(a)(2) oder eine andere Ausnahme des Securities Acts zum Bezugspreis zum Erwerb angeboten. dievini hat der Gesellschaft die grundsätzliche Bereitschaft signalisiert, sich jedenfalls in Höhe ihrer bisherigen Beteiligungsquote an der Finanzierungsmaßnahme bestehend aus der Kapitalerhöhung betreffend die neuen Aktien und der Ausgabe von Neuen Schuldverschreibungen zu beteiligen. dievini ist unter der Prämisse einer angemessenen Bezugspreisfestsetzung/Wandlungspreisfestsetzung grundsätzlich bereit, im Rahmen der Kapitalerhöhung und der Ausgabe von Neuen Schuldverschreibungen nicht bezogene Neue Aktien und Neue Schuldverschreibungen zu übernehmen. **Bezugspreis** Der Bezugspreis je gezeichneter Neuer Schuldverschreibung beträgt EUR 1,00 und entspricht damit dem Nennbetrag je Neuer Schuldverschreibung. **Bezugsverhältnis** Das Bezugsverhältnis beträgt 1:1, d.h. jeder Aktionär hat das Recht, für jeweils eine Aktie der Gesellschaft eine Neue Schuldverschreibung zu dem Bezugspreis zu beziehen. Maßgeblich für die Berechnung der Anzahl der jedem Aktionär zustehenden Bezugsrechte ist deren jeweiliger Depotbestand mit Ablauf des 8. November 2017 (nach Börsenschluss). Am 9. November 2017 (Zahltag) werden die Bezugsrechte (ISIN DE000A2GSZC6/WKN A2G SZC) von den Wertpapierbeständen im Umfang des bestehenden Bezugsrechts abgetrennt und den Aktionären über deren jeweilige Depotbank automatisch durch die Clearstream Banking AG, Eschborn, eingebucht. Vom Beginn der Bezugsfrist am 7. November 2017 an werden die Aktien der Gesellschaft „ex Bezugsrecht“ notiert **Wandlungspreis** Der Wandlungspreis je Aktie wird voraussichtlich am 16. November 2017 auf der Basis des Höheren der beiden nachfolgenden Beträge abzüglich eines möglichen vom Vorstand der Heidelberg Pharma AG mit Zustimmung des Aufsichtsrats festzulegenden Abschlags von bis zu 20% ermittelt werden: (i) der ungewichtete Durchschnitt der Schlusspreise der bestehenden Aktien der Gesellschaft vom Beginn der Bezugsfrist am 7. November 2017 (einschließlich) bis zum Handelsschluss am 16 November 2017 oder (ii) der

		Schlusspreises der bestehenden Aktien der Gesellschaft am 16. November 2017. „Schlusspreis“ ist, im Hinblick auf jeden einzelnen Börsenhandelstag, der im XETRA – Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse in der Schlussauktion ermittelte Schlusskurs oder, wenn ein solcher Schlusskurs an dem betreffenden Handelstag nicht ermittelt wird, der letzte im fortlaufenden XETRA –Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse ermittelte Preis der Aktie der Gesellschaft. Der Wandlungspreis wird im Wege einer Ad hoc-Mitteilung und auf der Internetseite der Gesellschaft voraussichtlich am 16. November 2017 und im Bundesanzeiger voraussichtlich am 17. November 2017 veröffentlicht werden. Weitere Anpassungen des Wandlungspreises sind danach nach Maßgabe der Anleihebedingungen möglich. **Bezugszeitraum** Das Bezugsrecht für die Neuen Schuldverschreibungen soll vom 7. November 2017 bis zum 20. November 2017 um 24:00 Uhr (MEZ) (jeweils einschließlich) während der üblichen Geschäftszeiten über die jeweilige Depotbank bei der für die Bezugsstelle als Abwicklungsstelle tätig werdenden Baader Bank auszuüben. Der Bezugspreis je Neuer Schuldverschreibung ist bei Ausübung des Bezugsrechts, spätestens jedoch am Ende der Bezugsfrist (20. November 2017, 24:00 Uhr (MEZ)) durch die Depotbank des Bezugsberechtigten auf dessen Anweisung auf das Konto der Baader Bank als Bezugsstelle zu überweisen (Verfalltag). Entscheidend für die Einhaltung der Bezugsfrist ist jeweils der Eingang der Bezugserklärungen sowie des Bezugspreises bei der Bezugsstelle. **Kein Bezugsrechtshandel** Ein Handel der Bezugsrechte (ISIN DE000A2GSZC6/WKN A2G SZC) wird weder von der Gesellschaft noch von der Baader Bank organisiert und ist nicht vorgesehen. Eine Preisfeststellung für die Bezugsrechte an einer Börse ist ebenfalls nicht beantragt. Ein Kauf bzw. Verkauf der Bezugsrechte über die Börse ist daher voraussichtlich nicht möglich. Die Bezugsrechte sind jedoch nach den geltenden gesetzlichen Bestimmungen übertragbar. **Verbriefung und Lieferung der Neuen Schuldverschreibungen** Die Neuen Schuldverschreibungen werden in einer Globalurkunde verbrieft, die bei der Clearstream Banking AG, Eschborn, voraussichtlich am 17. November 2017 hinterlegt wird. Die Bezieher erhalten über ihre Neuen Schuldverschreibungen eine Gutschrift auf ihren jeweiligen Girosammeldepots. Die Lieferung der Neuen Schuldverschreibungen erfolgt voraussichtlich am 24. November 2017. **Ausstattung der Neuen Schuldverschreibungen und Wandlungspreis** Siehe Element „Zusammenfassung des Prospekts hinsichtlich der neuen Schuldverschreibungen – *Wertpapiere – C.8*“ **Börsenzulassung des den Neuen Schuldverschreibungen zugrunde liegenden bedingten Kapitals** Es ist geplant, das bedingte Kapital 2017/II, welches zur Ermöglichung einer Wandlung von Schuldverschreibungen geschaffen wurde, zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse am 23. November 2017 zuzulassen, soweit dies zur Wandlung der Neuen Schuldverschreibungen

		erforderlich ist. **Handel der Neuen Schuldverschreibungen** Es ist geplant, die Neuen Schuldverschreibungen am 24. November 2017 in den Open Market (Quotation Board) an der Frankfurter Wertpapierbörse einzubeziehen. **Hinweis für US-Investoren** Dieser Prospekt wurde gemäß Regelungen und Anforderungen erstellt, die nicht den US-amerikanischen Wertpapiergesetzen entsprechen und enthält möglicherweise nicht die Angaben, die gemäß dem US Securities Act und den damit verbundenen Regelungen und Anforderungen bei registrierten Wertpapiergeschäften üblich, erwartet oder vorgeschrieben sind. Insbesondere stehen dem potenziellen US Anleger durch diesen Prospekt möglicherweise nicht alle finanziellen Informationen zur Verfügung, die typischerweise bei einer US Transaktion dieser Art vorliegen, um eine Anlageentscheidung in Bezug auf die Neuen Schuldverschreibungen zu treffen. Jeder US Anleger, der eine Investition in diese Wertpapiere in Betracht zieht, sollte dies berücksichtigen und sicherstellen, dass er alle möglichen Risiken und alle notwendigen Angaben in Bezug auf die Gesellschaft überprüft hat, bevor er in die Neuen Schuldverschreibungen anlegt. Die Verteilung dieses Prospekts in andere Jurisdiktionen als Deutschland und Luxemburg kann rechtlichen Beschränkungen unterliegen. Personen, die in den Besitz dieses Prospekts gelangen sollten sich selbst über solche Beschränkungen informieren und diese beachten. Jede Zuwiderhandlung gegen diese Beschränkungen kann eine Verletzung von Wertpapiergesetzen in den betreffenden Jurisdiktionen darstellen. **Verkaufsbeschränkungen** Die Neuen Schuldverschreibungen und Bezugsrechte sind und werden weder nach den Vorschriften des Securities Act noch bei den Wertpapieraufsichtsbehörden von Einzelstaaten der USA registriert. Sie dürfen in den USA weder angeboten noch verkauft oder anders transferiert oder im Falle von Bezugsrechten ausgeübt werden, außer in Ausnahmefällen aufgrund einer Befreiung von den Registrierungserfordernissen des Securities Act oder im Rahmen einer Transaktion, die diesen Registrierungserfordernissen nicht unterliegt. Sie werden auch nicht in Australien, Kanada, Japan oder Südafrika zum Erwerb angeboten. Die Annahme dieses Angebots außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg kann Beschränkungen unterliegen. Personen, die das Angebot außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg annehmen wollen, werden aufgefordert, sich über außerhalb der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg bestehende Beschränkungen zu informieren und diese zu beachten.
E.4	**Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen.**	Die Baader Bank hat am 3. November 2017 mit der Gesellschaft im Bezug auf das Angebot der Neuen Schuldverschreibungen einen Übernahmevertrag abgeschlossen. Demnach begleitet und berät die Baader Bank die Gesellschaft bei dem Angebot der Neuen Schuldverschreibungen. Ferner nimmt die Baader Bank im Rahmen der beabsichtigten Privatplatzierung an der Vermarktung der Neuen Schuldverschreibungen in Europa und außerhalb der USA basierend auf Regulation S des US Securities Act sowie im Wege von Privatplatzierungen in den USA an „qualifizierte institutionelle Käufer“ (sog. qualified institutional buyers – QIBs), wie sie in Rule 144A des Securities Acts definiert sind, unter Bezugnahme auf eine Ausnahme von Section 4(a)(2) oder eine andere Ausnahme des Securities Acts, teil. Aufgrund dieser Vereinbarung erhält die Baader Bank

		eine Verwaltungs-, Gestaltungs- und Verkaufsgebühr. Inhaber von Neuen Schuldverschreibungen haben ein Interesse an der Zulassung der Neuen Schuldverschreibungen zum Handel aufgrund der Fungibilität im Quotation Board der Frankfurter Wertpapierbörse.
E.5	**Lock-up-Vereinbarungen, beteiligte Parteien und Lock-up-Frist.**	Aufgrund des am 3. November 2017 zwischen der Gesellschaft und der Baader Bank abgeschlossenen Übernahmevertrages Neue Schuldverschreibungen hat die Gesellschaft vereinbart, dass sie ohne die vorherige schriftliche Zustimmung der Baader Bank für einen Zeitraum von sechs Monaten nach Börseneinführung der Neuen Aktien • keine Aktien der Gesellschaft zu kaufen, zu verkaufen oder anderweitige Verpflichtungen mit gleichem wirtschaftlichen Inhalt einzugehen; • keine Kapitalerhöhung aus genehmigtem Kapital ankündigen oder durchführen wird; • der Hauptversammlung keine Kapitalerhöhung zur Beschlussfassung vorschlagen wird; • keine Wandel- oder Optionsschuldverschreibungen begeben wird; • keine Transaktionen oder Vergleichbares durchführen wird, die den vorgenannten Maßnahmen entsprechen. Dies gilt nicht für (a) die Emission der Neuen Aktien, (b) die Ausgabe oder den Verkauf, soweit einschlägig, von Aktien oder anderen Wertpapieren, die im Rahmen von Mitarbeiterbeteiligungsprogrammen oder Aktienoptionsplänen für Mitarbeiter und/oder Mitglieder des Vorstands der Gesellschaft oder ihrer Tochtergesellschaften begeben werden sowie (c) die Ausgabe von Aktien gegen Sacheinlagen unmittelbar an die Vertragspartner im Zusammenhang mit einem Erwerb, einer Beteiligung oder eines Joint Ventures. Die erforderliche Zustimmung der Baader Bank darf von dieser nicht aus unbilligen Gründen verweigert werden.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Weder die Gesellschaft noch die Baader Bank stellen den Erwerbern Kosten in Rechnung. Für den Bezug der Neuen Schuldverschreibungen wird den Erwerbern der Wandelschuldverschreibungen von ihren depotführenden Banken die banküblichen Effektenprovision berechnet.

1. RISK FACTORS

*Potential investors should carefully consider the risks described below, in addition to the other information contained in this prospectus (the "**Prospectus**"), when deciding whether to invest in the shares and/or the notes of Heidelberg Pharma AG, Ladenburg, Germany (formerly WILEX AG) ("**Heidelberg Pharma**", the "**Company**" or the "**Issuer**"; and, together with its consolidated subsidiary Heidelberg Pharma Research GmbH "**Heidelberg Pharma Research**" or the "Subsidiary; Heidelberg Pharma and Heidelberg Pharma Research together the "**Heidelberg Pharma Group**" or the "**Group**", formerly the WILEX Group). The occurrence of any of these risks, individually or together with other circumstances, could have a material adverse effect on the Group's net assets, financial condition and results of operations. The order in which the risks are represented below is not an indication of the likelihood of occurrence, the degree of significance of the individual risks or the scope of any potential adverse effect on the Group's business.*

The risk factors described below do not replace a consultation with a competent advisor who takes into account the individual investor's position. An investment in the shares and/or the notes should not be based on the consideration of the risk factors below. Such information contained therein cannot replace the individual advice of a competent advisor taking into account personal the requirements, objectives, experience or knowledge of the individual investor. Investors are recommended to seek advice from competent advisors.

The following risks are based on assumptions that could turn out to be incorrect. Furthermore, other risks, facts or circumstances not presently known or which the Company might currently deem immaterial could prove to be important and could also have a material adverse effect on the Company's net assets, financial condition and result of operations. The market price of the shares and/or the notes in the Company could fall upon occurrence of any of these risks, and as a result investors could lose all or part of their investments.

The following risks contain a number of increased risks, including, but not limited to, risks relating to the Group's funding. As a result of the potential materialisation of these risks Heidelberg Pharma and/or Heidelberg Pharma Research may be required to file for insolvency. In this event Heidelberg Pharma's shareholders and/or noteholders could suffer a total loss in the value of their shares and/or notes. The risks relating to the Group's funding include, but are not limited to, the fact that Heidelberg Pharma – if it is not able to attract additional short-term funds in the form of proceeds from this offering – will run out of working capital in April 2018 and not have sufficient liquidity to conduct its business in the future.

1.1. RISKS RELATED TO THE ISSUER'S BUSINESS

1.1.1. Financial risks

1.1.1.1. Heidelberg Pharma does not have sufficient working capital to meet its liquidity requirements during the next twelve months and may not be able to raise sufficient funds.

Based on the current status of the Group's technology and licensing prospects, as well as updated planning, the Executive Management Board estimated that cash and cash equivalents available as of the 30 November 2016 reporting date would not be sufficient to fund the Group's business activities for at least the next twelve months.

The Company's main shareholder therefore issued another financing commitment for EUR 10 m in February 2017. The type and details of financing are contingent on Company and market conditions. According to the Company's planning, the committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma Group until end of April 2018.

The funding commitment was a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 of the German Commercial Code for the fiscal year ending 30 November 2016.

If the Executive Management Board is unable to implement the corporate strategy focused on the ADC technology according to plan or show R&D progress, and/or if the Company fails to obtain additional equity funding, the continued existence as a going concern of the Group would be at risk.

In the second quarter of the 2018 fiscal year, Heidelberg Pharma and/or Heidelberg Pharma GmbH might be unable to meet its payment obligations and/or become overindebted as a result of the Group missing budget

targets or not receiving any additional funding. If, in the Company's view, there is no going concern or no sufficient liquidity, the Company may enter into administration.

1.1.1.2. The Group may fail to achieve profitability in the medium term and may not be able to meet its payment obligations.

Heidelberg Pharma Group's funding requirements have been reduced due to the fully implemented restructuring program at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or license payments that would significantly extend the Group's cash reach substantially and eliminate the risk of the Group's inability to continue as a going concern. The Group's plan to build a proprietary Antibody Targeted Amanitin Conjugate ("**ATAC**") pipeline has resulted in and will lead to further increases in research and development expenses in the future.

The Company's main shareholder issued another financing commitment for EUR 10 m in February 2017. Based on the current financial plan, the committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma Group until April 2018.

There is a substantial risk that the funds at the parent company Heidelberg Pharma and/or at the subsidiary Heidelberg Pharma Research for generating cash flow will not be sufficient to ensure financing of the planned business activities beyond Q2 2018. Without additional funding, the existence of the Heidelberg Pharma Group and/or Heidelberg Pharma and/or Heidelberg Pharma Research as a going concern would be jeopardised.

To date, funds available to Heidelberg Pharma Group have also been used for the expansion and profiling of the ATAC technology. The ability of the Group to increase its sales revenue from the ATAC technology and the service business and find additional collaboration partners is a key pillar of the business model. The success of such partnerships depends not only on upfront payments and milestone payments by licensing and collaboration partners, but also on the ability of these partners to achieve success in pre-clinical and clinical development and to generate the projected sales revenue and any resulting license fees.

If Heidelberg Pharma and/or Heidelberg Pharma Research fails to cover their costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma and/or Heidelberg Pharma Research will not be able to meet their payment obligations. To avoid insolvency, the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases. In the event of insolvency, most of Heidelberg Pharma's investments in Heidelberg Pharma Research's business and the shareholder loan granted by the Company would be lost.

In view of the Group's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level or even fall absent positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions may therefore be very limited.

Any of the factors could negatively impact the assets, financial and income position of the Company.

1.1.1.3. The Group may not be able to obtain additional debt or equity funding to finance its business operations, which could ultimately force it to commence liquidation proceedings or file for bankruptcy

The Company has been and will be required to finance its working capital needs through equity investments of its shareholders or third-party financing arrangements. There is a risk that necessary financing measures will not be able to be undertaken or not in time, which could significantly limit further development of the Group and/or jeopardise the Group's existence as a going concern.

The Group will continue to need a significant amount of capital in the short to medium term if it is to realise its corporate and development goals. Meeting this capital requirement requires the Group to generate enough revenue from licences, cooperation deals and its service business. However, if product development costs exceed such revenue from licenses or cooperation deals, the Group would need to raise additional equity and/or borrowings if its reserves are not sufficient to cover such costs. There is no guarantee that the Group will be able to raise such funds on time, in the amount required, at economically viable conditions, or at all. This could hinder the Group in its further development and prevent it from making important investments in research and

product development, for example, or force it to discontinue the development of one or more of its drug products. This could negatively impact the competitive position of the Group and could have a material adverse effect on its business, financial condition and results of operations.

The ability to secure any additional debt financing will therefore be subject to several factors, including the Group's operating performance and financial condition, reliable collateral as well as market conditions and other factors beyond the control of the Group such as the depreciation of the Euro against other international currencies. In addition, new statutory or regulatory requirements for the financial markets may increase financing costs or limit the availability of financing. The further tightening of regulatory requirements for banks, including higher capital needs, may also contribute to a potential credit crunch. In addition, presently prevailing low interest rates may rise considerably in the future, which would substantially increase the Group's financing costs in case of a future debt financing. As a consequence, future debt financing costs and conditions may only be available at significantly less favourable conditions than anticipated and the Company may be compelled to change its business and/or investment plans.

Should the Group not be able to finance its working capital through revenue growth or through additional equity or equity-linked financings or other types of third-party financing, this would have a material adverse effect on the Group's ability to operate as a going concern and the Company may have to commence liquidation proceedings or file for bankruptcy.

1.1.1.4. The potential impairment of assets may negatively affect the financing ability of the Group.

The RENCAREX® project – part of the WILEX assets - is a potential asset that is expected to be out-licensed in full or in part in the future to generate cash. In view of the status of these efforts, however, the possibility that out-licensing may no longer be possible cannot be ruled out.

Assets, particularly equity investments, goodwill, not yet ready for use IP R&D licenses and trade receivables are subject to an inherent impairment risk. Such impairment risk might be triggered by a negative business development at Heidelberg Pharma or its subsidiary Heidelberg Pharma Research or by the insolvency of a debitor. An impairment loss must be recognised if the regular impairment test shows that there are objective indications of impairment which, in turn, arise from events that may have occurred after the initial measurement of the asset.

The carrying amount of the investment in Heidelberg Pharma Research reported in Heidelberg Pharma's HGB single-entity financial statements was tested for impairment as part of the annual impairment testing and was found to be fully recoverable at EUR 13.26 m as of 30 November 2016.

Based on the annual impairment testing, these risks will continue to exist in the future and might lead to impairment losses. This would have a negative effect on the earnings and equity of Heidelberg Pharma, which in turn could impact the Company's share price as well as its net assets, financial position and results of operations. Furthermore, a potentially negative effect on the value of the intangible assets, as well as on the goodwill recognised in the IFRS consolidated balance sheet, cannot be excluded.

Any of the factors could negatively impact the assets, financial and income position of the Company.

1.1.1.5. The allowance of tax losses carried forward may be restricted.

Stated tax losses carried forward as of 30 November 2016 were mainly attributable to Heidelberg Pharma (loss carryforward of EUR 173.5 m for corporation tax and EUR 170.5 m for municipal trade tax) and may be carried forward indefinitely.

As of 30 November 2016, Heidelberg Pharma Research carried forward an assumed loss of EUR 57.8 m for corporation tax and municipal trade tax. However, due to the recent assessment from the tax authorities, Heidelberg Pharma Research carried forward only a loss of approximately EUR 42.0 m for corporation tax and approximately EUR 42.2 m municipal trade tax as of 31 August 2017.

Deferred tax assets due to recognized tax loss carry forwards in the amount of EUR 0.7 m were offset against deferred tax liabilities in the past fiscal year ended 30 November 2016. Deferred tax assets were recognised only in the same amount as deferred tax liabilities.

In fiscal year 2016, Heidelberg Pharma was subject to a tax audit for the period from 2011 to 2014. Since the audit did not result in any changes in the tax base, the final determination was made that the loss carryforwards accrued by 31 December 2014 amounted to EUR 169.2 m (corporation tax) and EUR 166.2 m (trade tax).

Effective 1 January 2008, under revised Section 8c of the German Corporation Tax Act (*Körperschaftsteuergesetz*), the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carryforwards whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c of the German Corporation Tax Act, the capital increases carried out after 2014 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards.

The full utilization of the subsidiary's tax loss carryforward in excess of the value of the hidden reserves may also be jeopardised by Heidelberg Pharma's acquisition of this company in March 2011. In the future, this risk will be reduced by Section 8d of the German Income Tax Act (business continuation loss carryforwards), which was introduced at the end of 2016 with retroactive effect to 1 January 2016 but cannot be ruled out completely on account of various derogations.

Any of the factors could negatively impact the assets, financial and income position of the Company.

1.1.1.6. The proceeds of the offering may not provide Heidelberg Pharma with sufficient funds.

The offering contemplated by this prospectus may be completed even if the net proceeds of the offering do not provide Heidelberg Pharma with sufficient funds to act as a going concern. Investors who decide to purchase shares in the offering or otherwise cannot be assured that their investment will be an investment in a company with sufficient funds to act as a going concern. If the offering is completed and the net proceeds from the offering do not cover Heidelberg Pharma's working capital needs, Heidelberg Pharma may have to file for insolvency and investors may suffer a total loss of their investment.

1.1.1.7. Heidelberg Pharma has had a history of losses, it expects to incur additional losses in the future and it may never achieve profitability.

From its founding in 1997, the Company has had a history of losses. As of 31 December 2016, the Group accumulated a loss carried forward of EUR 194.2 m and as of 31 August 2017 EUR 201.9 m (for the purpose of corporate tax (*Körperschaftssteuer*). In order to achieve profitability, the Group must generate substantial revenue, for instance, from upfront payments, milestone payments or royalties under licensing agreements and partnerships with pharmaceutical and biotechnology companies as well as under research and cooperation agreements. Heidelberg Pharma Group has not generated sufficient revenue in the past to finance itself or to generate any profits. The Group has reported net losses for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014. In light of these net losses and the significant research and development expenses which the Group must incur to develop its drug products, there can be no assurance at this point that the Group will ever obtain sufficient revenue to generate a profit in the future.

1.1.2. Operational risks

1.1.2.1. The Group is substantially dependent on the success of ATAC technology, its leading product, on which the Group has focused a substantial part of its business and financial resources and currently only has one major licensing agreement for its development.

The Group's viability depends on the success of its ATAC technology. The Group currently only has one major in-licensing agreement for its ATAC technology with Professor Heinz Faulstich and the German Cancer Research Center (DKFZ). A significant portion of the Group's business and financial resources is intended to be focused on the future development and regulatory approval process of ATAC technology through this major licensing agreement with Professor Heinz Faulstich and the DKFZ. The Group has spent significant time, money and effort on the development of the ATAC technology and expects to continue to focus a substantial part of its

business and financial resources on its development and ultimate commercialization in the future and, to a much lesser extent, on its current other drug products. The licensors may terminate the licensing agreement for good cause (e.g. if certain milestones are not achieved by 31 December 2020). The termination of the licensing agreement with Professor Heinz Faulstich and the DKFZ, or any major setbacks associated with or delays in the development of, the ATAC technology could have a material adverse effect on the Group's business, financial condition and results of operations, and the Company may find it difficult or impossible to obtain new funding or may not be able to continue as a going concern and be forced to commence liquidation proceedings or file for bankruptcy.

1.1.2.2. If the development of its ATAC technology or drug products such as its BCMA antibodies project with the Max Delbrück Center were discontinued, significantly delayed or shut down prior to their ultimate commercialization or market launch, it would have a material adverse effect on the Group's business.

The possibility that some, or even all, of the Group's projects, including the development of its ATAC technology through its licensing agreement with Professor Heinz Faulstich and the DKFZ, the development of its BCMA antibodies with the Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC), its work on several antibodies through its licensing agreement with the University of Freiburg and the DKFZ will be discontinued, significantly delayed or shut down prior to ultimate commercialization or market launch, thereby generating little or no revenues for the Group despite the inconvenience of significant development expenses, cannot be ruled out. In particular, the Max Delbrück Center may terminate the license agreement covering various BCMA antibodies if certain milestones are not achieved by the end of 2018. As of today, the Company expects to achieve the milestones within the set timeframe. If, for reason of unforeseen delays, it should become necessary to extend the timelines, based on the good cooperation with the licensor the Company is confident that it will reach an agreement in good faith on such extension. However, it cannot be ruled out that the licensor does not agree to such extension and terminates the license agreement. In addition, a number of drug candidates that the Group historically developed have been licensed to third-parties for further development, including license agreements for REDECTANE® and MESUPRON® which have been completely out-licensed to third parties. To the extent that any of these current projects may be discontinued, significantly delayed or shut down or additional projects or additional products are out-licensed to third parties, the Group may not be able to generate revenues or attain profitability with these or other drug candidates at the same levels as originally planned or at all. As a result, the Company and/or Heidelberg Pharma Research may not be able to continue as a going concern and may have to commence liquidation proceedings or file for bankruptcy.

1.1.2.3. The Group faces general business risks for a biotechnology company.

Heidelberg Pharma Group is exposed to the risks typical for a biotechnology company, namely those arising from the development and production of potential drug candidates for the treatment of cancer. The time between the commencement of drug development and marketing approval spans many years. There is a substantial risk that none of the product candidates or ATAC development candidates will receive regulatory approval.

To date, neither Heidelberg Pharma Group nor a licensing partner has completed clinical development for any of the product candidates in the Heidelberg Pharma portfolio or applied for regulatory approval for them. Two projects (MESUPRON® and REDECTANE®) have been completely transferred to licensees for further development and marketing. The licensees are also exposed to the risks typical for the industry. In respect to the core business of the Company, which is the development of products applying the ATAC technology, no product candidate has entered the clinical phase to date. Thus, for the Group's ATAC products there are only preclinical data on the efficacy and safety from in vitro and animal models, but no data is so far available from trails in humans. There is the risk that efficacy and safety data from animal models will not be confirmed in humans.

Heidelberg Pharma is currently unable to finance the Group's activities solely through sales and license revenue and is dependent on funding from equity providers or licensees. Debt financing is generally not an alternative financing option for biotechnology companies.

Some of the individual risks set forth below are related and can affect each other in a positive or negative way. Should these risks occur, either individually or together with other risks or circumstances, this may severely compromise Heidelberg Pharma Group's business activities, its achievement of key corporate goals and/or its ability to fund its operations, as well as significantly adversely affect the results of operations, financial position

and net assets of Heidelberg Pharma and therefore jeopardise the ability of Heidelberg Pharma Group to continue as a going concern.

1.1.2.4. Heidelberg Pharma faces considerable risks from the product development and its technology.

Pharmaceutical processes are complex; failure to successfully develop an appropriate formulation and/or manufacturing process for a drug candidate may have a negative impact on the further development and commercialization of that drug candidate.

Drug development is subject to risks typical for the industry. Like other biotechnology companies, Heidelberg Pharma Group has suffered setbacks in clinical development and therefore discontinued clinical development of certain product candidates. Licensing partners conducting development activities are also exposed to this risk, which thus indirectly affects Heidelberg Pharma, respectively Heidelberg Pharma Research as the licensor as it can negatively affect agreed milestone payments or it can lead to financial difficulties of the licensing partner or to a termination of the licensing agreement.

The subsidiary Heidelberg Pharma Research is currently involved in early-stage research and preclinical development and to date has not collected any clinical data. There is a risk that the ATAC technology and the use of Amanitin for cancer therapy may not be suitable for patients due to severe side effects and/or lack of expected efficacy.

As is the case for all drugs, efficacy and tolerability are of pivotal importance for ADCs and ATACs. While most drugs have side effects, there must be a sufficiently wide therapeutic window between efficacy and intolerable side effects. Heidelberg Pharma assumes that when the compound (toxin) is connected to the appropriate antibody, the linker technology developed (bridging molecule, used to connect a toxin to an antibody) will allow for strong anti-tumor efficacy with adequate tolerability. The antibody used is particularly relevant to changing the toxicity profile; it must not affect any vital organs.

Data to date show that undesirable side effects may occur with the antibodies used to date if high doses are prescribed. It is therefore possible that further testing could reveal that the therapeutic window (ratio of efficacy to side effects) of the manufactured conjugates is not wide enough due to their toxicity profile. If this issue is found to be due to the toxin and a sufficiently effective dose cannot be administered, the ATAC technology could ultimately fail to be viable for therapeutic applications. This could adversely affect the further development of the operations of Heidelberg Pharma Group.

Furthermore, no assurance can be given that contractual partners will not terminate technology partnerships. It is possible that the technology might be unusable or unsuitable for the market for certain antibodies. It is impossible to make any predictions based on successful preclinical and early clinical trials; such trials do not offer any certainty regarding a compound’s safety and efficacy in later-stage trials. Heidelberg Pharma cannot eliminate the possibility that the approval of a drug candidate might be delayed or rejected even after a successful registration trial, for instance if execution does not satisfy regulatory requirements.

Any of these factors may have a negative impact on the assets, financial and income position of the Company.

1.1.2.5. Official approval for marketing current and future drug candidates may be denied or only granted after considerable delay.

After completing the clinical study phases and before marketing a product in the United States of America ("**United States**" or "**U.S.**"), the European Union ("**EU**") and other countries, the Issuer must receive the appropriate official approvals from the U.S. Food and Drug Administration ("**FDA**") (for the United States), the European Medicines Agency ("**EMA**") (for the EU Member States) and the relevant national approval bodies in other countries. The market approval procedure is expensive and time-consuming and it is difficult to predict when approval will be granted.

The Group may not receive approval for the drug candidates at the planned time or at all. The time required for approval to be granted depends on the type of drug, is different for the various approval procedures in the United States, the European Union and the rest of the world and is influenced by numerous other factors which are mostly outside the Company’s influence. Every approval body is entitled to make its own requirements, to deny

approval or to make approval subject to additional data being presented. This also applies even if approval has already been issued by another body. Approval by one approval body does not guarantee approval by such bodies in other states. In addition, requirements for approval may change, possibly resulting in delayed approval or rejection of the application. In each case, delayed or denied approval may reduce sales of the relevant drug candidate and negatively affect the Company's asset, financial and earnings positions.

Approval can also be granted with a smaller scope than that applied for or with certain conditions or restrictions attached. For instance, approval may be restricted to a particular group of patients or treatment linked to certain safety measures being observed.

Clinical trials are supervised by ethics committees. These committees consider whether those trials are scientifically sound for the purpose, the safety of trial participants and the potential liability involved. The ethics committees may in certain circumstances prohibit the start of any given trial. This could therefore delay the start of clinical trials right at the outset, consequently also increasing the costs involved considerably.

Any restrictions or delays described above may adversely affect the development of sales and thereby also the Company's net assets, financial position and results of operation.

1.1.2.6. National approval bodies may grant an approval only with significant restrictions or will revoke entirely or partially a granted approval.

It is also possible that a national approval body will require further data and information before issuing an approval for the drug candidate, or it may issue the authorisation subject to certain restrictions. Even once an initial authorisation has been issued, further studies may be required to obtain additional safety data. A supplementary or new market authorisation is required if a product is to be marketed for treating new indications which are different from those for which it was originally tested and authorised.

Even after approval has been granted, it may emerge that a product has unforeseen side effects or is ineffective, such that it may lose its approval entirely or partially for this or other reasons or even has to be completely withdrawn from market. Cost-intensive follow-up studies may have to be conducted before it can be marketed again. Should a drug candidate prove to be unsuitable in the last development phase or a product which is already in stores have to be withdrawn from the market, this may compromise the Group's net assets, financial position and results of operation.

In addition, the obligations in relation to labeling, packaging and information on side effects, storage, advertising and sales promotion in conjunction with the product are regularly changed by extensive official provisions or laws. Violating the applicable legal provisions can lead to fines, revocation of market approval, recall and confiscation of the product, restrictions on business operations as well as prosecutions. In each case, this may negatively affect the Group's net assets, financial position and results of operation.

1.1.2.7. The Group may face considerable delays and/or cost increases in clinical trials.

Clinical trials are expensive and time consuming and may only start upon approval of the respective national approval bodies. Such approval may be withheld, partially granted or only granted after severe delays. Furthermore the trials themselfes may take longer than expected and/or not completed at all. The number of clinical trials required depends on the type of product candidate or drug, the intended indications, the results of previous preclinical and clinical trials and the rules which apply to the specific product candidates or drugs concerned. These preclinical and clinical trials are extremely time-consuming and expensive; past preclinical and clinical trials do not give a precise indication of the outcome of subsequent trials. Such delays or fails of clinical trials may adversely affect the development of sales and thereby also the Group's net assets, financial position and results of operation.

1.1.2.8. The Group is dependent on qualified executives and key employees. The loss of these key experts or a staffing deficit would have a negative impact on the ability of the Group to implement its business strategy.

The Group's success depends on its executives and research staff, especially their knowledge of the ATAC technology and its successful development and commercialization. The loss of executives and research staff in key positions could delay the Group's research and development work. The ability of the Group to implement its

business strategy will also depend on whether Heidelberg Pharma continues to be able to recruit highly qualified staff and executives and retain them over the long term. The lack of executives and research staff may have a negative impact on the assets, financial and income position of the Group.

1.1.2.9. Heidelberg Pharma may not be in position to adopt its management structure and headcount to its future growth.

To continuously expand its business activities, Heidelberg Pharma needs to expand its development capacity and manage the Group efficiently. If Heidelberg Pharma continues to grow, the current management structure and headcount, as well as systems and facilities, will not meet the increased requirements. Should Heidelberg Pharma not be in a position to adopt its management structure and headcount, this may delay the research and development activities and/or the implementation of the Group's business and growth strategy. The facts mentioned above could have a negative impact on the assets, financial and income position of the Company and may furthermore delay the implementation of the Group's growth strategy.

1.1.2.10. The Group uses hazardous substances and may not comply with relevant environmental and health protection as well as general traffic safety laws and regulations.

Hazardous substances (such as poisonous or corrosive substances) are used in the research and development programs conducted by Heidelberg Pharma Group. Use of these materials is subject to the relevant environmental and health protection as well as general traffic safety laws and regulations. The costs incurred in complying with these and any future regulations could be considerable. Heidelberg Pharma cannot completely exclude the risk of accidents with these substances, possibly resulting in contamination or personal injury. Were an accident or contamination to occur, Heidelberg Pharma and/or its subsidiary could be required to pay damages and compensation for personal suffering in addition to fines and penalties. The amount of such payments could be substantial. In certain circumstances, the authorities could impose a ban on operations or revoke a manufacturing permit. The facts mentioned above could significantly negatively impact the Group's net assets, financial position and results of operations.

1.1.2.11. Restrictions on or obstruction of animal experiments can have an impact on research and development activities of the Group.

In the course of its business and as a service provider when developing drugs for its clients, Heidelberg Pharma Research is required by certain laws and regulations to test drug candidates on animals before clinical testing in humans can be initiated. Experiments involving animals are subject of controversial debate and negative reporting in the media. Animal activists and other organizations and individuals try to lobby the competent authorities, ministries and political decision-makers to limit animal experiments through the enactment of new laws and regulations or attempt to disrupt or prevent animal experiments from taking place through protests or by other means. Germany has an animal welfare law in place with very high standards. These standards are the basis for work at the Group and its service providers. Nevertheless, the legal situation regarding testing on animals and official practice may change and make it much more difficult to perform experiments on animals in connection with the preclinical studies. This could delay the research and development work of Heidelberg Pharma Research or significantly increase its cost. This could have a negative impact on the assets, financial and income position of the Group.

1.1.2.12. The Company largely depends on in-licensing agreements with third-parties, especially its licensing agreement for ATAC technology with Professor Heinz Faulstich and the DKFZ for the development of its ATAC technology and the license agreement with the relating to antibodies for its drug candidate HDP-101. The termination of either of these licensing agreements would materially adversely affect the Company's business, may force it to stop its development of ATAC technology and/or its drug candidate HDP-101 and ultimately require the Company to commence liquidation proceedings or file for bankruptcy.

The Company has entered into a major license agreement with Professor Heinz Faulstich and the DKFZ for the use of patents related to the ATAC technology. Without this license agreement, the Company would currently be unable to further develop the ATAC technology. Under its terms, this licensing agreement can be terminated if the licensee (or a partner of the licensee) does not manage to start Phase 1 for a product covered by the licensing agreement by 31 December 2020.

In addition, the Company has entered into a license agreement with the MDC for the use of patents related to the antibody that is part of the Company's lead drug candidate HDP-101. This licensing agreement can be terminated

by the licensor for defined reasons. In particular, the MDC may terminate the license agreement covering various BCMA antibodies if certain milestones are not achieved by the end of 2017.

The termination of either of these licensing agreements for whatever reason would materially adversely affect the assets, financial and income position of the Company.

It is also possible in the future that the Company will not be able to enter into agreements with such licensing partners as Professor Heinz Faulstich and the DKFZ or the MDC or will only be able to do so at financially unfavourable terms or with delays. It is further possible that these third parties will not develop certain technology or drug products that are crucial to the development of the Company's business. Any inability to enter into agreements with such development or licensing partners or any delay in the future marketing process of its drug candidates or the termination of agreements with existing development or licensing partners, especially any termination of the license agreement with Professor Heinz Faulstich and the DKFZ or the licensing agreement with the MDC, or any failure on the part of or decision by such third parties not to develop certain drug indications crucial to the development of the Company's business could have a material adverse effect on the business, financial condition and results of operations of the Company and ultimately require the Company to commence liquidation proceedings or file for bankruptcy.

1.1.2.13. The Group depends on contract manufacturing organisations for the supply of the ingredients for, and manufacture of, its drug products, the loss of which could materially adversely affect its business.

The Group relies on contract manufacturing organisations ("**CMOs**") for the supply of relevant technologies and pharmaceutical ingredients for its drug products as well as for their production in future clinical and commercial quantities and will need such technologies and products for the formulation and production of actual drug products as the Company does not own or operate any facilities for the manufacture technologies and of pharmaceutical products nor does it have a government-approved manufacturing permit.

For this reason, the Group currently relies on and for the foreseeable future will continue to rely on such CMOs for the supply of ingredients and for the production of quantities relevant to development and commercial activities. The Group may terminate such agreements or may not be able to adhere to existing agreements with such partners either on terms that are acceptable for the Group or perhaps at all, or may not be able to renew such agreements or find new partners at commercially acceptable terms. Additionally, the Group's dependence on external suppliers and manufacturers entails other risks that the Group would not be exposed to if it were able to produce the relevant ingredients itself. Such risks include:

- Financially unfavourable terms in agreements with external suppliers and manufacturers;
- Late delivery, supply of inadequate quantity and/or quality;
- Non-compliance by external suppliers or manufacturers with statutory or governmental requirements and quality assurance standards;
- Breach of agreements with the Company and/or Heidelberg Pharma Researcg by external suppliers or manufacturers;
- Termination or non-renewal of an agreement with external suppliers or manufacturers for reasons beyond the control of the Group; and
- Sanctions imposed by regulatory agencies in the event the ingredients or drugs supplied or, respectively, produced by an external supplier or manufacturer fails to satisfy the applicable governmental requirements.

If the Group were unsuccessful in acquiring or retaining suitable CMOs for the development and production of its technologies and drug products at acceptable terms, or if the selection of and contract award to a suitable CMO were delayed, this could delay the Group's ability to develop and market its existing or future technologies and drug candidates and increase its development and marketing costs. Moreover, the Group may be required from time to time to change suppliers or CMOs due to poor performance or in order to satisfy applicable regulatory requirements that could also result in delays or if CMOs fail to perform the contractually stipulated services or fail to completely perform them on time or with sufficient quality. Should the Group lose one of its main suppliers or one of its CMOs for the procurement and supply its technologies or drug candidates, it would

have to find a replacement supplier, which could in turn result in delays. A failure or delay in delivery or the supply of insufficient quantities or deficient quality of drugs could result during the development stage, for example, in the complete shut-down of an ongoing future clinical trial or, after the drug is approved for marketing, in a delivery shortage to the relevant markets and patients, which could in turn create considerable, negative financial consequences for the Group, e.g. due to loss of revenues and/or contractual penalties imposed by contracts with payors.

The occurrence of any of the above risks could have a material adverse effect on the business, financial condition and results of operations of the Group.

1.1.2.14. Service providers the Group collaborates with may default or could have quality or capacity problems.

The Group currently relies on third party manufacturers to be able to provide market supply for toxins and conjugates in a marketable quantity and quality. Any default of those third parties may result in severe delays and may have severe consequences to the Group's assets, financial and income position.

Heidelberg Pharma Group follows internal standing operating procedures (SOP) in its research; however, it does neither have a Good Manufacturing Practice ("**GMP**") nor a Good Laboratory Practice ("**GLP**") certificate. In the future, antibodies, the toxin and the conjugates for the planned trials will be manufactured by external service providers ("**CDMO**"). A technology transfer process to a CDMO will need to be established for the CDMO to set up a GMP process. The upscaling process has inherent challenges and time-consuming and/or more expensive efforts might be needed in order to implement the industrial production. The subsidiary is exposed to the risk that service providers could have quality or capacity problems during or after production, problems with production facilities or problems arising from supply interruptions or delivery delays. The quality of the manufactured substance must be demonstrated to regulatory authorities. Poor quality in manufacturing, inadequate documentation or other quality defects could result in regulatory authorities requiring that trials be discontinued, repeated or terminated. This could negatively impact the assets, financial and income position of the Group.

1.1.2.15. It is uncertain whether Heidelberg Pharma Group's drug products will ultimately be successfully launched in the market.

Heidelberg Pharma Group's business focuses on a proprietary ATAC pipeline. It is uncertain whether it will be possible to develop these drug therapies for commercial market launch. The inability of the Group to successfully launch these and other drug products currently under development could have a material adverse effect on the business, financial condition and results of operations of the Group and ultimately could require the Company to commence liquidation proceedings or file for bankruptcy.

1.1.2.16. Heidelberg Pharma Group may fail to achieve financial and market success for its drugs.

Heidelberg Pharma Group is exposed to typical industry and market risks in terms of marketing authorised pharmaceutical products. Even if Heidelberg Pharma Group's drug products are ultimately granted market authorisation, it cannot be guaranteed that patients, doctors and other decision-makers in healthcare systems in which the Group operates will accept the Group's products to the extent that ensures market success. The financial and market success of Heidelberg Pharma Group's drugs depends on a number of factors. These include proof of safety, tolerability and efficacy and/or its functional capacity, cost-effectiveness and ease of administration, the drug candidate's benefits over alternative methods of treatment, the competition environment, reporting on products and those of its competitors, the efficiency of marketing and distribution operations, the willingness of doctors to prescribe those drugs and medicinal products and whether health insurers and schemes are prepared to cover or reimburse the treatment costs involved.

The materialization of any these factors could have a material adverse effect on the business, financial condition and results of operations of the Company and/or the Group and, in turn, on the stock price of the shares of the Company.

1.1.2.17. Heidelberg Pharma Group could face significant liabilities and/or reputational damages resulting from the side effects of its drug products, including from the death of patients or volunteers in its studies that no insurance policy can adequately cover.

If patients or volunteers in future clinical trials suffer harmful side-effects or even die when taking drugs being developed by Heidelberg Pharma Group, the Group could be exposed to the payment of significant damages to settle or resolve potential legal actions against it during the course of clinical trials or be exposed to significant reputational damages as a result of such side effects. These developments could occur even if doctors and patients follow the warning instructions describing known and harmful side-effects and exercise caution in prescribing or taking the drug products.

It is uncertain whether the Group's existing and future insurance policies are or will be sufficient to cover the risks as set forth above or whether the Group would even be able to renew its insurance policies to such an extent that it could cover any such eventualities. Such side-effects could possibility lead to the drug products being recalled from the market, which could expose the Group to costs much more significant than the economic benefits associated with the introduction of a particular drug candidate in the market. If legal actions are successfully brought against the Company or the Subsidiary which exceed the coverage of its insurance policies, or which are not covered by any insurance policy, Heidelberg Pharma Group may be exposed to significant damage payments and/or significant reputational damage. The occurrence of any of these events could have a material adverse effect on the business, financial condition and results of operations of the Group.

1.1.3. External risks

1.1.3.1. The Group faces competition from established competitors and expects to face competition from others in the future. The Group may not be successful in competing in the overall biomedical market.

The global biomedical market for drug products is highly competitive today and will likely become even more so in the future, as the market for new drug products to treat of a number of diseases continues to grow. Around 50 ADC candidates are in preclinical testing. The ADC segment is growing and almost all ADCs are being developed as cancer therapies. One of the Group's drug candidates under development is HDP-101 for treatment of Multiple Myeloma as the first indication. Based on GlobalData, for Multiple Myeloma there are a number of projects in pre-registration and different clinical and pre-clinical phases by competitors.

The Group cannot ensure that its current and potential competitors will not have significantly greater financial, manufacturing and other resources than the Group does and may be able to devote greater resources to the development, marketing and commercialization of potential drug products. Some of the Group's competitors' products such as Seattle Genetics and Roche have already successfully launched and marketed these drugs in other oncologic indications and both of them are commercially available. In addition, some of these companies have more experience in developing and marketing drug products and broader industry relationships and may have longer operating histories or greater brand recognition or more prominent track records in the biomedical market. The Group's competitors may be in a stronger position to respond quickly to new technologies and may be able to develop, market and commercialise their drug products more effectively.

There can be no assurances that the Group will be able to compete successfully in its markets. If its competitors introduce new technology that competes with or surpasses the quality and performance or its drug products, the Group may not be able to successfully market or commercialise its drug products in the future. Increased competition could also result in the need to reduce prices for certain drug products in the future, lead to a loss of licensing partners or future market shares, any of which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

1.1.3.2. The business of the Group depends on the provision of health care and spending by the pharmaceutical industry.

Following regulatory approval of a drug, the framework within which public health authorities, research institutes, private health insurance providers and other organizations (such as the German Institute for Quality and Efficiency in Health Care, IQWiG) operate impacts the business activities of Heidelberg Pharma and its partners. Healthcare reforms and the persistent debate about prices in the key markets of the United States, Europe and Japan are putting increasing pressure on healthcare budgets and thus on the pharmaceuticals market.

Overall, this situation could cause potential partners or investors to refrain from making new commitments in drug development and also pose a risk for the Group. This could negatively impact the assets, financial and income position of the Group.

1.1.3.3. Government authorities, health insurance schemes and other institutions might decide not to reimburse the costs of pharmaceuticals in part or in full.

Government authorities, health insurers and other institutions which cover or reimburse patient treatment costs, wholly or in part, are trying increasingly to cut their costs, reducing what they pay for pharmaceuticals and medical services, limiting the number of patients who are entitled to have their costs reimbursed or reducing the payments they cover or reimburse. To have their costs covered, the relevant products must be shown to be safe, tolerable and effective, not be for test or research purposes, be medically necessary, be suitable for the patients concerned and be cost-effective as a whole. When products are launched, Germany and other countries also require proof that they offer additional benefits to patients over existing comparable treatments, and set fixed amounts for drugs which are not shown to have any additional benefits. Where drugs do have additional benefits, prices are negotiated based on how those benefits are valued. The process of becoming listed for cost reimbursement can be time-consuming and expensive, and Heidelberg Pharma Group, potentially with its marketing partners, may need to conduct further scientific and clinical studies on safety, tolerability and efficacy, which could even include examining the economics of each and every one of the Group's drugs and technologies. If it cannot be ensured that the costs involved will be fully, or at least adequately, reimbursed, this could have serious detrimental effects on the market's acceptance of the Group's drugs and technologies (including those marketed by sales partners) and on the subsequent sales potential. In addition, the Group is unable to foresee what additional legal rules or requirements on cutting healthcare costs may be issued or amended in the future worldwide, or how these rules and/or amendments may affect reimbursing treatment with its drugs on its business. This may have a negative impact on the assets, financial and income position of the Group.

1.1.4. Strategic risks

1.1.4.1. The Group will be dependent on licensing partners to commercialize its products, the failure of which could delay or prevent the successful launch of its products.

The Group will generate revenues from its upfront payments, payments contingent on reaching milestones and future royalty payments based on its licensing agreements. Many of the licensing companies with which it enters into licensing agreements also distribute technologies and drug products for other companies. Failure to conclude or renew such licensing agreements could delay or prevent the Group from marketing its products or make it unreasonably expensive to do so or lead to a significant loss of future revenue. At the same time, certain licensing partners may not distribute the Group's technology or drug products because it would conflict with products of other companies, which they currently distribute. As a result, there is no certainty its licensing partners will be able to market or distribute the drugs to the extent the Group expects. The Group has only a limited influence over the Group's licensing partners' marketing activities. As a result, any failure by these licensing companies to successfully market the Group's technologies and products for whatever reason could lead to a material loss in future revenues from upfront payments, payments contingent on reaching milestones and future royalty payments, all of which could materially adversely affect the Group's assets, financial and income position.

1.1.4.2. The Group may have insufficient patent protection and may infringe the intellectual property rights of third parties.

The Group endeavors to protect its product candidates and technologies in all major markets through patents. Nevertheless, the Group is unable to ensure that patents will be issued on the basis of pending or future patent applications. Even if patents are issued, there is no certainty that they will not be contested, circumvented or declared invalid.

Any infringement by third parties of the patents or the intellectual property rights used or out-licensed by Heidelberg Pharma or Heidelberg Pharma Research could have a negative impact on the Group's business operations. There is a risk that Heidelberg Pharma, Heidelberg Pharma Research or their licensing partners might infringe the intellectual property rights of third parties, including those of whom the Group is unaware. This could lead to time-consuming and cost-intensive litigation or force the Group to purchase licenses from third

parties to develop and market the Group's products. This could negatively impact the assets, financial and income position of the Group.

1.1.4.3. The Group is subject to product liability risks.

The marketing and sale of pharmaceuticals and services for specific indications is subject to product liability risks. Product liability actions against the Company or its subsidiary at a later stage cannot be ruled out. In connection with this, there is no guarantee that Heidelberg Pharma Group would be able to purchase insurance coverage at both a reasonable price and on acceptable terms or that such insurance would be sufficient to protect the companies from lawsuits or loss. Licensees are likewise subject to product risks. If these risks were to occur, they could negatively affect agreed milestone and/or royalty payments. Any of these factors could negatively impact the assets, financial and income position of the Group.

1.1.4.4. The Group could face considerable liabilities in development and marketing which no insurance could cover adequately.

If patients or volunteers in clinical trials suffer harmful side-effects or even die when taking drugs developed by the Group, or in the course of clinical trials, the Heiderlberg Pharma and/or Heiderlberg Pharma Research could be liable for payment of considerable damages. This could happen even if doctors and patients follow the warning instructions describing known and harmful side-effects and contraindications. In particular, patients who suffer harmful side-effects could sue the Group for damages higher than the Group's insurers can cover.

It is not certain whether the Group will succeed in taking out sufficient liability insurance to cover the risks above and/or renew its existing insurance or agree acceptable terms for such insurance. Such side-effects could also affect the drug's safety profile, and might be of such severity that the drug has to be taken off the market. If actions are successfully brought which exceed the cover of the relevant insurances in each case, or which are not covered by any insurance, the Group may be liable without further recourse. Any of the above may have a negative impact on the assets, financial and income position of the Group.

1.1.5. Other risks

1.1.5.1. The Group faces legal risks including from US litigation.

In principle, Heidelberg Pharma and its subsidiary could become party to a legal dispute, for example in a drug safety, patent, licensing, liability or labour law case, as the plaintiff, defendant or intervener. A court case or even an arbitration case may be time-consuming and expensive. Even if these are successful or if court settlements are reached, they could adversely affect the Group's earnings and shorten the currently planned cash reach.

The former US subsidiary WILEX Inc. was sold to Nuclea Biotechnologies Inc., Pittsfield, MA, USA ("**Nuclea**") on 6 September 2013 and subsequently was merged into Nuclea. Due to rent and utility payments in arrears owed by Nuclea to the lessor Siemens Corporation, New Jersey, USA, ("**Siemens Corporation**") the latter has announced that it will hold Heidelberg Pharma liable for these costs under a guarantee in the lease given by Heidelberg Pharma in favor of WILEX Inc. At the time, Heidelberg Pharma had to assume this guarantee as part of the acquisition of WILEX Inc. (formerly Oncogene Science, Inc.) from Siemens Coprporation. In August 2016, Nuclea filed a case under chapter 7 of the US Bankruptcy Code. In May 2017 Siemens brought an action against Heidelberg Pharma before the United States District Court for the District of Massachusetts. Siemens Corporation is demanding that the Company pays the rent of Nuclea in arrears and compensation for the period through July 2016 totaling USD 832 k. Heidelberg Pharma fully contested the claim in its answer to the complaint. As of 31 August 2017, Heidelberg Pharma has set aside reserves for the potential liability from the lease guarantee in the amount of EUR 408 k. However, if Heidelberg Pharma will be held liable for these costs, in whole or in part, any payments due could negatively impact the assets, financial and income position of the Company.

1.1.5.2. The main shareholder may have significant influence on the Company.

The main shareholders of Heidelberg Pharma (Dietmar Hopp and associated companies) hold a material proportion of the Company's shares (approx. 67% as of the date of the Prospectus) and could exercise a significant influence on the Company in the Annual General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on the participation rate at the Annual

General Meeting of Heidelberg Pharma, the main shareholder can take/control decisions which require a simple majority such as the election of Supervisory Board members, certain resolutions to increase the share capital, agreement to major transactions, and - subject to a few exceptions - amendments of Articles of Association of the Company. If the main shareholder controls more than 75% of the share capital represented in an Annual General Meeting he will be able to take resolutions which require a majority of at least three-quartes of the share capital such as resolutions on the exclusion of the subscription right in the case of capital increases. In addition this includes capital reductions, the creation of authorized or conditional capital, certain reorganisation measures such as mergers and divisions, the liquidation of the Issuer or the change in legal form. Furthermore, the main shareholders' interest may, in the individual case, differ from that of the Company and/or of the minority shareholders.

In addition, there is a risk that the majority interest of the main shareholder could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in a financing of the Company. The limited number of shares in freefloat lowers the liquidity of the Company's shares. Any of the factors could negatively impact the assets, financial and income position of the Company.

1.1.5.3. The Group may fail to comply with existing governmental regulations and the risk management and internal controls may not prevent or detect violations of law, and compliance breaches which may result in substantial penalties and/or additional costs.

The Group's operation is subject to various laws and regulations and the management and employees have to comply with various laws, regulations and rules with respect to, among other things, anti-trust-matters, exchange-controls, arrangements with suppliers, anti-corruption /anti-bribery and sanctions legislation and quality standards. The Group's existing compliance processes and controls may not be sufficient and may not have been sufficient in the past in order to prevent or detect inadequate practices, fraud and violations of law by employees, suppliers and other partners. Furthermore, representatives, employees, suppliers and other partners may not act in compliance with applicable laws or regulations (including, among others, competition regulation, customs regulations, anti-corruption/anti-bribery and sanctions legislation, data protection laws and labor and social security laws and regulations) and internal guidelines. The Group may therefore face the risk that penalties or liabilities may be imposed or that the business can be adversely affected. In addition, the Group's compliance system and monitoring capabilities may not be sufficient to prevent violations of legal provisions and internal guidelines, to identify past violations or prevent damages from fraud or similar crimes in the Group. Inappropriate behavior or any compliance breaches could lead to legal proceedings against the Group, fines, sanctions, court orders affecting future conduct, forfeiture of profits, rescission of existing contracts, exclusion from certain businesses, loss of licenses and certifications or other restrictions. These, in turn, might limit the Group's ability to pursue strategic measures and transactions important for the business. Customers and/or third parties could also initiate legal proceedings against the Company or its subsidiary for substantial financial compensations.

The realization of any of these compliance related risks may have a significantly adverse effect on the Group's net assets, financial position and results of operation.

1.1.5.4. Lease agreement for the premises in Ladenburg may be terminated short-noticed.

The lease agreement concerning the premises in Ladenburg may be terminated by each party by a written six months' notice. Should the lease agreement be terminated the Group may not conclude a new lease agreement in time leading to a standstill of the Group's operative business. Thus the delay of production and operative business in connection with a relocation of the Group's production, development and operational departments may have a significantly adverse effect on the Group's net assets, financial position and results of operation.

1.1.5.5. Conflicts, military action, terrorist attacks and general instability throughout the world could materially adversely affect the global demand in the biomedical market in general or for the Group's drug products in particular and thus the Group's business.

Conflicts, military action and terrorist attacks have precipitated economic instability and turmoil in the economies of some countries in which Group's technologies and drug products will be marketed or commercialised in the future or where licensing partners are located or conduct their business. Instability and turmoil, particularly in, or affecting, such countries, may lead to disruptions at facilities at which Group's

technologies and drug products are tested or an inability of our licensing partners effectively to develop the Group's technologies and drug products. The uncertainty and economic disruption resulting from hostilities, military action and acts of terrorism may also impact the global demand in the biomedical market, depending on the jurisdiction in which such conflicts, military action or terrorist attacks occur, which could adversely affect its business.

Accordingly, any conflict, military action or terrorist attack could severely impact the operations of the Group's technologies and licensing partners, which could, in turn, adversely affect its business, could lead to a loss of markets in which its technologies and drug products are marketed or commercialised in the future or in which are licensing partners are located or conduct their business and could therefore have a material adverse effect on the Group's net assets, financial position and results of operation.

1.1.5.6. The Group may be adversely affected by sustained global economic downturn.

The global economic uncertainty and market instability over the past few years have made the business climate more volatile and costly. These economic conditions, and uncertainty as to the general direction of the macroeconomic environment, are beyond the Company's control and may make any necessary debt or equity financing more difficult, costly and more dilutive. Furthermore, the British government's decision to leave the EU could have a detrimental effect on European trade relations, as could the election of other anti-free trade candidates in other European Union countries and/or the resulting general deterioration of the European Union and any economic dislocations resulting therefrom. In addition, the American administration's decision to renegotiate and/or terminate certain trade agreements, the imposition of new trade tariffs or barriers, or general protectionist trade policies could adversely affect global economic relations.

Challenging economic conditions also may impair the ability of potential customers to pay for its drug products upon commercialization. The Group anticipates that its drug products will be priced at a premium and there can be no assurance that government or commercial payors will be willing to reimburse, or that the individual patients will be willing to pay for, the relatively high price of its drug products. If tightened budgets prevent its potential customers from being able to pay or be reimbursed for the relatively high price of its drug products despite the cost savings they may offer, it could have a material adverse effect on the Group's business, financial condition and results of operations.

1.1.5.7. If the Company were to fail to ensure uninterrupted operation of its IT and data processing systems, this could have a material adverse effect on its business, financial condition and results of operations.

Efficient and uninterrupted operation of information technology and data processing systems is essential for the business of the Group. The Group relies on the smooth functioning of its IT systems, in particular, of the IT-supported remote access and management services. IT and data processing systems are generally prone to disruptions, damage, power outages, computer viruses, fire and similar events. The disruption or interruption of the operation of these systems therefore cannot be ruled out and its effect on the Group's business could be severe. Inadequate performance of the IT systems, whether due to system failures, computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or performance of such services.

The occurrence of any of the above events could have a material adverse effect on the business, financial condition and results of operations of the Group.

1.1.5.8. There is the risk that data protection or data security regulations are violated

The Group is subject to various regulations and laws covering data protection and data security. Violation of these regulations could directly harm the Group or harm employees or the cooperation partners of the Group who could then require the Group to compensate them for any loss they suffered. Both could have negative economic effects on the Group. To prevent any possible violations, in addition to the applicable laws and regulations, the Group has internally defined processes and employees responsible for this area who monitor these issues accordingly and report any negative developments or errors. The failure to adequately access and report any such errors could have a material adverse effect on the Group's business, financial condition, and results of operations.

1.1.5.9. The Group's insurance policies may be insufficient to cover its potential liabilities

The Group's business involves certain risks. The Group's material assets, buildings, and infrastructure, may be damaged or delayed indefinitely, as the case may be, due to force majeure or other catastrophic events. In addition, the Group's operations such as its clinical trials may result in claims for damages being lodged by third-parties, including but not limited to patients or volunteers enrolling in its clinical trials, at any time. The Group believes that its insurance coverage is in line with the practice prevailing in the German biotechnology market, but the level of its insurance coverage and the insurance coverage in general in the German biotechnology market may be less than the levels prevailing in other markets. There can be no assurance that its insurance coverage will be adequate to cover losses suffered by it or third-parties in connection with its activities. Should any of the above events or related events occur, it may not have adequate insurance coverage to permit the Group to resume operations in a timely manner, to the full extent or at all. This may have a material adverse effect on its business, financial condition and results of operations.

1.2. RISKS RELATING TO THE NEW SHARES

1.2.1. The stock exchange price and trading volume of Heidelberg Pharma shares, including the New Shares, may be subject to significant fluctuations.

The stock exchange price and trading volume of Heidelberg Pharma shares on the stock exchange are subject to fluctuations. This is partly due to the high level of volatility in the securities markets in general and partly to developments which impact on the net assets, financial position and results of operations of the Company and of the Issuer as well as business prospects. Furthermore the free float of shares is very low since approx. 67% of the shares (as of the date of the Prospectus) are held by the main shareholder Dietmar Hopp (and associated companies) which may further increase the high level of volatility in the securities markets. Among other areas, the Issuer's quarterly and annual results have been subject to considerable fluctuations in the past. These fluctuations were attributable to a number of factors, many of which were beyond the management's control. In view of the small size of Heidelberg Pharma, individual income and cost blocks can substantially impact on the results for a specific period. They include the date on which clinical expenses are posted, the achievement of development milestones under partnership agreements, the date and amount of licence fees received, the date and scope of in-licensing agreements, regulatory decisions in connection with applications for approval, product launches by competitors, setbacks and/or failure in product development and the conclusion of further partnership agreements. The occurrence of these events is neither foreseeable nor can it be controlled. The occurrence of such events may have a significant negative impact on the assets, financial and income position of the Company.

In addition, further factors may impact on the stock exchange price and trading volume of Heidelberg Pharma shares. These include, for example, market expectations regarding the performance of companies in general, securities analysts' or investors' assessment of the Company and its strategy as well as the sector, legal disputes and accidents during the product development stage and distribution, and the actual corporate development and performance of other companies in the sector.

1.2.2. The Company will not be in a position to pay out dividends in the foreseeable future. Shareholders must therefore rely on an increase in the Heidelberg Pharma share price to achieve a return on their investment.

The Company will not pay out dividends in the foreseeable future. It is possible that no dividend will be paid at all in the future. Under German law, it is not possible to pay a dividend as long as accrued losses are not compensated by accrued profits. In addition, it is required by law to first set up reserves once accrued profits compensate for accrued losses which amount to EUR 201.9 m as of 31 August 2017. A possible dividend payment also depends on future financial requirements and terms, the results of operations and other factors. Consequently, shareholders must rely on an increase in the share price to achieve a return on their investment in Heidelberg Pharma shares.

1.2.3. An interest held in the Company may be diluted by future capital measures or the exercise of stock options or the exercise of convertible bonds.

The Company may also require additional capital measures in the future to finance its business activities and growth. There is no guarantee that additional shareholders' capital will be available at appropriate terms at the

times when it is required by the Company. Capital increases with the exclusion of shareholders' subscription rights, the exercise of convertible and warrant-linked bonds issued or to be issued in the future or the acquisition of other companies or investments in companies in exchange for newly issued shares may result in the financial dilution of the interests held by shareholders. Additionally, the exercise of stock options by the Group's employees or Executive Management Board members in the context of the existing 2005 and 2011 Stock Option Plans as well as the WILEX 2017 Stock Option Plan or future stock option programmes or the issuance of shares to employees or Executive Management Board members in the context of future employee stock participation programmes could lead to a dilution.

1.2.4. Future selling of Heidelberg Pharma shares by existing or future shareholders may have a negative impact on the stock exchange price of the Company's shares.

The potential impact on the stock exchange price of the Company's shares as a result of the future selling of shares by (i) existing or future shareholders or (ii) shareholders who acquire shares in connection with the conversion of the convertible bonds issued by Heidelberg Pharma cannot be predicted. If a large number of shares in the Company are sold on the stock exchange, this may cause surplus supply and an adverse effect on the stock exchange price of Heidelberg Pharma shares. As a result of such selling, it may also become more difficult for the Company to issue shares in the future to raise capital at a price the Company considers to be adequate and on the appropriate date.

1.2.5. The shares held by shareholders who do not participate in the offering of the New Shares may be significantly diluted.

Subscription rights for the New Shares which are not exercised within the subscription period lapse. The percentage of shares held by a shareholder who does not exercise the subscription rights granted to him on the basis of his shareholder status and his voting right is diluted accordingly. Consequently, the percentage of shares held by such a shareholder in relation to the increased shareholders' equity of the Company decreases proportionally to the percentage by which the shareholders' equity of the Company is increased and by which this shareholder does not participate in the capital increase.

1.2.6. The share capital increase may not be registered with the Company's commercial register and thus no New Shares are created.

The New Shares offered to the shareholders in the offering will be created by registration of the share capital increase in the Company's commercial register. Only with regard to those New Shares offered in the private placement (and which are therefore not part of the public offering), dievini Hopp BioTech holding GmbH & Co KG, Walldorf, ("**dievini**") and Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim, Germany ("**Baader Bank**") may enter into a securities loan agreement according to which dievini provides Baader Bank with existing shares for the delivery to investors of the private placement. This could enable Baader Bank to deliver New Shares to the investors in the private placement before the registration of the share capital increase in the commercial register is made. In return, Baader Bank would be obliged to subscribe for such amount of New Shares in the offering corresponding to the shares delivered to the private placement investors and to transfer such amount of New Shares to dievini in compensation for the shares provided by dievini in the securities loan.

Should a registration of the share capital increase in the commercial register not be made to such extent which is needed to cover the borrowed shares delivered by Baader Bank to the investors in the private placement, the Company is obliged to compensate Baader Bank in such a way that Baader Bank can settle its obligation towards dievini; also Baader Bank is entitled to use the proceeds of the private placement for those shares not covered by the share capital increase and to distribute them to dievini as lender and not to the Company. In these cases the Company is subject to a damage claim or may not receive the liquidity needed to fund its business.

1.3. RISKS RELATING TO THE NEW NOTES

1.3.1. There is no existing trading market for the New Notes and the Company cannot assure that any public market for the New Notes will develop.

There is no existing trading market for the New Notes and the Company cannot assure that any public market for the New Notes will develop. If a market does develop, the New Notes could trade at prices lower than their

initial offering depending on many factors, including the market price of the shares into which the New Notes are convertible, prevailing interest rates, the operating results of the Group and the market for similar securities.

The Issuer will apply to list the New Notes on the Open Market (Quotation Board) of the Frankfurt Stock Exchange on a single auction basis. However, there can be no assurance that the New Notes will be listed or that trading in the New Notes will commence on 24 November 2017, or that if trading does commence, that it will occur at sufficient liquidity levels and will not be suspended.

The New Notes are not redeemable if a listing for the New Notes is not obtained or if trading in the New Notes is suspended. If the New Notes are not traded on any securities exchange or if trading in the New Notes is suspended, pricing information for the New Notes may be more difficult to obtain, and the liquidity and market prices of the New Notes may be adversely affected.

1.3.2. Noteholders do not have the benefit of any security interest and, in the event of any insolvency, will rank on a pari passu basis with all other unsecured and unsubordinated creditors of the Company.

No security interest will be provided in favour of the Noteholders. There are no custody arrangements, share pledges or other security interests. In the event of an insolvency of the Company, the Noteholders will rank on a pari passu basis with all other unsecured and unsubordinated creditors of the Company and will have no direct rights over the shares in Heidelberg Pharma into which the New Notes may be converted.

1.3.3. An investor should not rely on gains or profits from the New Notes when borrowing funds from a third party in order to finance the purchase of the New Notes.

If a potential investor decides to finance the purchase of the New Notes with funds borrowed from a third party, the investor should make sure in advance that he can still pay the interest and principal payments on the loan also in the event of a loss. The investor should not rely on gains or profits from the investment in the New Notes in order to repay interest and principal of the loans when due and payable. In that case, the expected return must be set higher since the costs relating to the purchase of the New Notes and those relating to the loan (interest, redemption, handling fee) have to be taken into account.

1.3.4. The New Notes are zero coupon notes and their price is volatile.

As zero coupon notes the New Notes do not pay interest. Instead of periodical interest payments, the difference between the redemption price or the conversion price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of zero coupon notes is exposed to the risk that the price of such New Notes falls as a result of changes in the market interest rate. Prices of zero coupon notes can be more volatile than prices of fixed rate notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

1.3.5. Other Noteholders with the consent of the Company may make amendments to the terms and conditions of the New Notes or appoint a common representative of all Noteholders.

Noteholders are subject to the risk of losing rights vis-à-vis the Issuer against their will if other Noteholders agree pursuant to the terms and conditions of the notes with the Issuer to make certain amendments to the terms and conditions by majority vote according to the German Act on Debt Securities of 2009 (Schuldverschreibungsgesetz – "**SchVG**") and the particular Noteholder is supporting a dissenting view on a matter. In the case of an appointment of a common representative for all Noteholders, a particular Noteholder may lose, in whole or in part, the possibility to enforce his rights against the Company regardless of other Noteholders.

1.3.6. If an investor does not conduct a detailed evaluation and analysis of the terms and conditions of the New Notes before the investment in the New Notes, there is the risk that the implications of the investment in the New Notes is misjudged with respect to the situation of the individual investor.

According to the terms and conditions of the New Notes, the Company is entitled to require a mandatory conversion of the New Notes on the maturity date. In order to understand the risks in connection with the New Notes, investors should evaluate and analyse the terms and conditions of the New Notes and their implications

for their individual situation. If an investor fails to do so, there is a risk that the implications of an investment of the individual investor in the New Notes are misjudged.

1.3.7. The stock exchange price of the New Notes depends on the stock exchange share price of the Company. A negative development of the share price may have a negative impact on the stock exchange price of the New Notes.

The stock exchange price of the New Notes depends, amongst others, on the stock exchange price of the shares of the Company. The stock exchange price of the New Notes may be negatively influenced by the stock exchange price of the shares of the Company. Any risk which are described in "Risk Factors" and other risks that are presently unknown to the Company may lead to a loss in the stock exchange price of the New Notes. The further the stock exchange price of the shares of the Company falls below a certain amount, the noteholders' conversion right has no inherent value. The lower the stock exchange price of the shares sinks below the conversion price of the New Notes and the shorter the time period until the maturity date of the New Notes is, the higher the risk of a substantial decrease of the stock exchange price of the New Notes.

1.3.8. There is the risk that the investors acquire the New Notes within the framework of the subscription offer at a higher price than the market price.

It cannot be excluded that investors in the New Notes pay a higher price within the framework of the subscription offer than by acquisition through the market. It cannot be secured that the subscription price for the New Notes corresponds to the price at which the New Notes are traded at the stock exchange after the end of the subscription offer.

1.3.9. The shares held by shareholders who do not participate in the offering of the New Notes may be significantly diluted.

Subscription rights for the New Notes which are not exercised within the subscription period lapse. The percentage of shares held by a shareholder who does not exercise the subscription rights granted to him on the basis of his shareholder status and his voting right is diluted accordingly. Consequently, the percentage of shares held by such a shareholder in relation to the increased shareholders' equity of the Company in case of a conversion of the New Notes decreases proportionally to the percentage by which the shareholders' equity of the Company is increased and by which this shareholder does not participate in the capital increase.

1.3.10. The New Notes are subject to mandatory conversion into shares in the Company.

The Company is entitled to require the mandatory conversion of the New Notes on their maturity date. In this case New Notes will be converted into shares in the Company. The risk factors set forth in Section "*1.2 Risks relating to the New Shares*" will therefore be relevant.

2. GENERAL INFORMATION

2.1. RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Germany (former WILEX AG, Grillparzerstrasse 18, 81675 Munich, Germany) and Baader Bank assume responsibility for the content of the Prospectus pursuant to Section 5 (IV) German Securities Prospectus Act (*Wertpapierprospektgesetz "***WpPG***"*) and hereby declare that the information contained in the Prospectus is, to the best of their knowledge, correct and no material facts have been omitted and that the necessary care has been exercised to ensure that the information in the Prospectus is accurate and that no such facts have been omitted as are likely to alter the statements contained in the Prospectus.

If any claims are brought before a court based on the information contained in the Prospectus, the investor appearing as plaintiff might, under the respective national legislation of the relevant member state of the European Economic Area, have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation.

The information contained in the Prospectus will not be updated subsequent to the date hereof. Only in the case that any significant new event or significant error or inaccuracy relating to the information contained in the Prospectus occurs following the approval of the Prospectus but before admission of the securities to trading, an update in a prospectus supplement in accordance with Section 16 (I) first sentence of the German Securities Prospectus Act (*WpPG*) will be disclosed.

2.2. PURPOSE OF THE PROSPECTUS

The purpose of the Prospectus is (i) the offering of 7,484,190 ordinary no-par bearer shares (shares without nominal value) (*Stückaktien*), each with a nominal value of EUR 1.00 and with full dividend rights from 1 December 2016, (ii) the admission of up to 7,484,190 ordinary no-par bearer shares (shares without nominal value) (*Stückaktien*), each with a nominal value of EUR 1.00 and with full dividend rights from 1 December 2016 to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and (iii) the offering of zero coupon convertible bonds in the total nominal amount of EUR 14,968,380.00 divided into 14,968,380 notes in the nominal amount of EUR 1.00 per note.

2.3. AUDITORS

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Reichskanzler-Müller-Straße 25, 68165 Mannheim, Germany ("**Deloitte**") was appointed as auditor of the Company for the fiscal years 2014 to 2016. Deloitte is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

Deloitte has audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer*) the consolidated financial statements of the Issuer as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, as well as the unconsolidated annual financial statements of the Issuer as of and for the fiscal year ended 30 November 2016. Those consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315a (I) of the HGB. Those unconsolidated annual financial statements of the Issuer were prepared in accordance with the applicable provisions of HGB. In each case an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) was issued.

2.3.1. Emphasis of matter paragraph in the audit opinion concerning the fiscal year 2016

The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year 30 November 2016 contains the following emphasis of matter paragraph:

"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized"

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 56 of the Company's annual report 2016):

"Going-concern risks

Based on the current status of the Company's technology and licensing prospects, as well as updated planning, the Executive Management Board estimated that cash and cash equivalents available as of the 30 November 2016 reporting date would not be sufficient to fund the Company's business activities for at least the next 12 months.

WILEX's main shareholder therefore issued another financing commitment for €10 million in February 2017. The type and details of financing are contingent on Company and market conditions. The committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

The funding commitment was a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 of the German Commercial Code.

If the Executive Management Board is unable to implement the corporate strategy focused on the ADC technology according to plan, and/or if the Company fails to obtain additional equity funding, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

After the end of the second quarter of the 2018 fiscal year, the WILEX Group and WILEX AG might be unable to meet their payment obligations and/or become overindebted as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardize the Group's and/or consolidated entities' existence as a going concern and shareholders could lose some or all of their invested capital."

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 59 of the Company's annual report 2016):

"Financing risks

WILEX's funding requirements have been reduced due to the fully implemented restructuring program at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or license payments that would significantly extend the Company's cash reach substantially and eliminate the risk of the Company's inability to continue as a going concern. The Company's plan to build a proprietary ATAC pipeline will result in an increase in research and development expenses in the future.

WILEX's main shareholder issued another financing commitment for €10 million in February 2017. Based on the current financial plan, the committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

There is a high risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flow will not be sufficient to ensure financing of the planned business activities beyond Q2 2018.

Without additional funding, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardized.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ATAC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ATAC technology and the service business and find additional collaboration partners is a key pillar of the business model. The success of such partnerships depends not only on upfront payments and milestone payments by licensing and collaboration partners, but also on the ability of these partners to achieve success in clinical development and to generate the projected sales revenue and any resulting license fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. To avoid insolvency, the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, despite the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also section 7.9.2 "7.9.2 Risks related to a possible significant influence of main shareholders" for more information about the risk of depending on main shareholders."

The risks related to a possible significant influence of main shareholders referred to in the section "Financing risks" above reads as follows (page 64 of the Company's annual report 2016):

"Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (Dietmar Hopp and associated companies) hold a material proportion of its shares (approx. 63.53%) and could exercise a significant influence on the Company in the General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of the main shareholder could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in a financing of the Company. The minimal number of shares in freefloat lowers the liquidity of WILEX shares."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 65 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC development candidates and the remaining clinical projects of WILEX AG be out-licensed, currently perceived risks and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded that the Group companies might then be unable to meet their payment obligations and/or might

become overindebted, thus jeopardizing the existence of the WILEX Group, the parent company WILEX AG and/or Heidelberg Pharma as a going concern.

2.3.2. Emphasis of matter paragraph in the audit opinion concerning the fiscal year 2015

The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year 30 November 2015 contains the following emphasis of matter paragraph:

"Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized"

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 57 of the Company's annual report 2015):

"Going-concern risks

As of the 30 November 2015 reporting date, WILEX's cash and cash equivalents were not sufficient to cover financing requirements for the next twelve months.

WILEX therefore announced a financing strategy and took the initial steps in November 2015. This is largely based on a financing commitment from the Company's main shareholder dievini for up to € 10 million. The commitment is intended to secure the capital increases planned for 2016, among others, and to ensure the Company's financing based on the current planned budget. Cash and cash equivalents totalling € 2.5 million already accrued to WILEX AG from the two capital increases in December 2015. In this context, € 2.4 million from the financing commitment made by dievini was utilised. For more information please see the report on post-balance sheet date events.

By the Executive Management Board's estimate, the cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first six months of 2016 are expected to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 German Commercial Code.

If the Executive Management Board were unable to implement the corporate strategy focusing on the ADC technology according to plan, and/or if the Company failed to have any opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable to satisfy their payment obligations and/or become overindebted prior to the end of the second quarter of the 2017 financial year as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital"

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 59 of the Company's annual report 2015):

"Financing risks

WILEX's funding requirements have been reduced further as a consequence of the restructuring programme and discontinuation of advanced development activities at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or licence payments that would have substantially extended the cash reach and eliminated the risk of the Company's inability to continue as a going concern. The Company's aim to build its own ATAC pipeline will result in a renewed rise in research and development expenses in the future. In November 2015, a comprehensive financing package was presented and kicked off. The financing commitment made by main shareholder dievini in November 2015 for up to € 10 million will secure the Company's financing into the second quarter of 2017 based on current planning. An amount of € 2.39 million of this commitment was already utilised in the initial capital increases in December 2015.

There is a high risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flows will not be sufficient to ensure financing of the planned business activities. Without additional financing, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised after that.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ADC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ADC technology and the service business and find additional cooperation partners is a key pillar of the business model. This is because the success of such partnerships depends not only on upfront payments and milestone payments by licensing and cooperation partners, but also on the ability of these partners to achieve successes in clinical development and also to generate the projected sales revenue and any resulting licence fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. It cannot be ruled out that the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases – to avoid insolvency because its business has been generating deficits so far. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, in spite of the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent a positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also the section 7.9.3 entitled "Other risks" for more information about the risk of dependence on main shareholders"

The risks related to a possible significant influence of main shareholders referred to in the section "Financing risks" above reads as follows (page 63 of the Company's annual report 2015):

"Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (DH-Holding GmbH & Co. KG and affiliated companies as well as UCB) hold a material proportion of its shares (approx. 52% and 12%, respectively) and could exercise a significant influence on the Company in the Annual General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of DH-Holding GmbH & Co. KG could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in financing of the Company. The minimal number of shares in free float lowers the liquidity of WILEX shares."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 64 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC development candidates and the clinical projects of WILEX AG be out-licensed, the risks discernible from a present-day perspective and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardising the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern".

2.3.3. Emphasis of matter paragraph in the audit opinion concerning the fiscal year 2014

The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year 30 November 2014 contains the following emphasis of matter paragraph:

"Without qualifying this opinion we refer to the discussion in section 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the Wilex Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH, the realisation of value from the development candidates of Wilex AG and the completion of the restructuring measures as scheduled. Should the planning assumptions made turn out to be inappropriate in terms of amount or timing and/or should Wilex be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the Wilex Group as a going concern would be jeopardised"

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 100 of the Company's annual report 2014):

"Going-concern risks

As of the 30 November 2014 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the second quarter of 2015. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

Thanks to the commitment given during financial statement preparation by its main shareholder dievini to provide the Company with cash and cash equivalents of up to € 5 million as equity or in quasi-equity form (see note 34.3), the way was paved for extending the Company's cash reach until at least the end of the second quarter of 2016, so that at the time the financial statements were being prepared it could be assumed that the Company would continue as a going concern at least for the next twelve months.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements on a going-concern basis in accordance with IAS1.25.

The cash is being used to further develop WILEX's business activities with a focus on the innovative ADC technology by subsidiary Heidelberg Pharma GmbH. As its sales revenue from customer-specific research (Cx) rises, the subsidiary is expected to make a positive contribution to earnings. Ideally, the research agreements already concluded in the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ADC product candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

For the remaining projects, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach. WILEX AG is also working hard on subletting or reletting parts of its rented premises in Munich, which would generate further savings. This will enable WILEX to substantially reduce its operating expenses for 2015 and 2016 and extend its cash reach.

If the Executive Management Board were unable to implement the measures described above, or if there were no opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable after the second quarter of the 2016 financial year to satisfy their payment obligations and/or become overindebted as a result of its subsidiary HDP missing budget targets, for instance. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital."

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 56 of the Company's annual report 2014):

"Financing risks

The WILEX Group's funding requirements have been drastically reduced as a consequence of the restructuring programme and discontinuation of advanced development activities, but no substantial inflows of funds have been generated to date from sales revenue or licence payments that would have eliminated the risk of the Company's inability to continue as a going concern. For this reason, in March 2015, its main shareholder dievini made a commitment to the Company to provide cash of up to € 5 million as equity or in quasi-equity form. This commitment secures the Company's cash reach until at least the end of the second quarter of 2016 based on current financial and liquidity planning, including Heidelberg Pharma.

There is a risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flows will not be sufficient to ensure financing of the business activities planned beyond the second quarter of 2016. Without additional financing, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised after that.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ADC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ADC technology and the service business and find additional cooperation partners is a key pillar of the business model. This is because the success of such partnerships depends not only on upfront payments and milestone payments by licensing and cooperation partners, but also on the ability of these partners to achieve successes in clinical development and also to generate the projected sales revenue and any resulting licence fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, it cannot be ruled out that Heidelberg Pharma may not be able to meet its payment obligations. It cannot be ruled out that the subsidiary might require further financial support – for

instance through additional shareholder loans or capital increases – to avoid insolvency because its business has been generating deficits so far. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, in spite of the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and additional licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 60 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC candidates and the clinical projects of WILEX AG be out-licensed further, the risks discernible from a present-day perspective and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced. From the perspective of the Executive Management Board, the Phase III product candidates are suitable for successful out-licensing due to medical need and their advanced clinical development stage and market potential. If development were successful, this would result in WILEX receiving licence fees.

Were WILEX unable to implement the measures described in the section "Going-concern risks", we cannot preclude that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardising the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern".

2.4. DOCUMENTS AVAILABLE FOR INSPECTION

For as long as the Prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at Schriesheimer Strasse 101, 68526 Ladenburg, Germany:

- the Company's articles of association ("**Articles of Association**");
- the Company's audited consolidated financial statements as of and for the fiscal year ended 30 November 2014 prepared in accordance with IFRS;
- the Company's audited consolidated financial statements as of and for the fiscal year ended 30 November 2015 prepared in accordance with IFRS;
- the Company's audited consolidated financial statements as of and for the fiscal year 30 November 2016 prepared in accordance with IFRS;
- the Company's audited unconsolidated annual financial statements as of and for the fiscal year ended 30 November 2016 prepared in accordance with HGB;
- the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 prepared in accordance with IFRS on interim financial reporting (IAS 34);
- the Prospectus (including the forecast of earnings before interest and taxes (EBIT) of Heidelberg Pharma Group for the period from 1 December 2016 to 30 November 2017 and the auditor's report (*Bescheinigung*) hereon).

With the exception of the Company's audited unconsolidated annual financial statements as of and for the fiscal year ended 30 November 2016 (HGB), the documents above are also available on the Company's website. The

financial statements referred to above, with the exemption of the Company's audited unconsolidated annual financial statements and the Company's audited consolidated financial statements as of and for the fiscal year ended 30 November 2016 as well as the unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017, are also published in the German Federal Gazette (*Bundesanzeiger*). The Company's future annual and interim consolidated financial statements (IFRS) as well as the future unconsolidated annual financial statements (HGB) will be available (i) from the Company and (ii) on the Company's website.

2.5. FORWARD-LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical or current facts and events. This applies, in particular, to statements in the Prospectus containing information on the future earnings capacity of Heidelberg Pharma Group, plans and expectations regarding its management, its business growth and profitability and the general economic conditions to which it is exposed as well as other factors that may affect Heidelberg Pharma Group.

Although based on current estimates and assessments made to the best of the Company's present knowledge all forward-looking statements in the Prospectus are subject to risks and uncertainties, as they relate to future events. Therefore these forward-looking statements are based on uncertainties, assumptions and other factors that could cause the Company's actual results of operations, the financial condition and the profitability of the Heidelberg Pharma Group to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. Statements made using words such as "expects", "predicts", "endeavours", "intends", "anticipates", "forecasts" or "plans" are an indication of forward-looking statements. In light of these uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in the Prospectus see "*2.6 Information from third parties and sources*"). Actual results, performance or events may differ materially from those in such statements.

Heidelberg Pharma Group is exposed to a number of risks and uncertainties that could lead to an incorrectness or inaccuracy of the forward-looking statements, estimations and predictions in the Prospectus. Therefore all investors are strongly advised to consider the Prospectus as whole and to read extensively the following sections of the Prospectus: "*1 Risk Factors*", "*8 Management's Discussion and Analysis of Financial Condition and Results of Operation*", "*10 Market and Competition; Regulatory Environment*", "*9 Business*" and "*19 Recent Developments and Outlook*". Particularly these sections contain detailed descriptions of events and factors to which the Company is subject and which may have negative deviations from the forecast, predictions and estimations of Heidelberg Pharma Group.

Furthermore, it should be noted that neither the Company nor Baader Bank assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

2.6. INFORMATION FROM THIRD PARTIES AND SOURCES

The Prospectus contains a number of references to data, (statistical) information and third-party studies. The Company has communicated and reproduced such information correctly and, to the extent that the Company is aware and was able to infer from the information published, no facts have been omitted such as could result in the information being presented in a false or misleading manner. Nevertheless, investors are strongly advised to carefully consider this information with caution. Market studies are often based on information and assumptions that might neither be accurate nor appropriate and the methodology underlying them is inherently forward-looking and speculative. Investors should take into account that the estimates made by the Company are based on such market studies prepared by third parties.

Notwithstanding the responsibility assumed by the Company and Baader Bank for the content of the Prospectus (see "*2.1 Responsibility for the Content of the Prospectus*"), the Company and the Bank have not independently verified the figures, market data and other information on which third parties have based their studies. Therefore

neither the Company nor Baader Bank guarantee, assume responsibility or make warranties as to the accuracy of any such information from third-party studies included in the Prospectus. Prospective investors should furthermore note that the Company's estimates and statements of opinion and belief are not always based on studies of third parties.

Unless otherwise indicated, statements in the Prospectus regarding the market environment, market developments, growth rates, market trends and the competitive environment in the markets and segments in which the Group operates are based on the Company's assesments and estimates. These assessments are – unless other indicated – based in part on internal market observations and/or various studies.

The following sources were used in particular in the preparation of this prospectus:

- Bioscience Valuation BSV GmbH, Market Potential of Heidelberg Pharma's CD269 ATAC Antibody-Drug Conjugate (ADC) as of May 2016. This customized report was prepared in accordance with the instructions of the Company.
- Bioscience Valuation BSV GmbH, Potential of Heidelberg Pharma's Antibody-Drug Conjugates (ADCs) as of August 11th, 2015. This customized report was prepared in accordance with the instructions of the Company.
- ADC Review, Pyrrolobenzodiazepine (PBD), available from https://adcreview.com/adc-university/adcs-101/cytotoxic-agents/pyrrolobenzodiazepine-pbd/
- Alicia Parker, "Mersana proposes $75M IPO", BioCentury Week in Review, Financial News / Proposed Offerings, Jun 9, 2017
- Alicia Parker, "Sanofi, Immunogen amend financials of ADC deals", BC Week In Review, Company News / Deals, Jun 2, 2017
- Cancer Research UK, Worldwide cancer statistics, available from http://www.cancerresearchuk.org/health-professional/cancer-statistics/worldwide-cancer
- David E. Thurston, Paul J. M. Jackson and Ilona Pysz, ADC Payloads Available And Their Mechanisms of Action", ADC Review, October 2016, available from http://worldadc-usa.com/wp-content/uploads/sites/99/2016/10/World-ADC-part-1.pdf
- Food and Drug Administration, Novel Drug Approvals for 2016, available from https://www.fda.gov/Drugs/DevelopmentApprovalProcess/DrugInnovation/ucm483775.htm
- GBI Research, Monoclonal Antibodies Market to 2017 - Multiple Indication Approvals and the Potential for MAbs in Oncology and Autoimmune Diseases are Re-Shaping the Market, November 2011
- IMS Health Study, "Global Market for Cancer Treatments Grows to $107 Billion in 2015, Fueled by Record Level of Innovation", Juni 2016, available from https://www.imshealth.com/en/about-us/news/ims-health-study-global-market-for-cancer-treatments-grows-to-107-billion-in-2015-fueled-by-record-level-of-innovation
- Julian Zhu, "Besponsa Regulatory Update", BioCentury Week in Review, Clinical News / Regulatory, Apr 26, 2017
- Moldenhauer, Salnikov, Lüttgau, Herr, Anderl and Faulstich, "Therapeutic potential of amanitin-conjugated anti-epithelial cell adhesion molecule monoclonal antibody against pancreatic carcinoma", J Natl Cancer Inst. 2012 Apr 18;104(8):622-34.
- Nikolaos Diamantis and Udai Banerji, "Antibody-drug conjugates—an emerging class of cancer treatment", January 2016, Br J Cancer. 2016 Feb 16; 114(4)
- Peter Hofland, "Antibody-drug Conjugates: Technologies and Global Markets", July 2017, available from https://adcreview.com/tag/adc/
- Shannon Lehnbeuter, "Seattle Genetics and BMS Combining Adcetris and Opdivon in Ph III Trial", BioCentury Week in Review, Company News / Deals.; Jun 16, 2017
- Sonia Portillo, "Market Growth, Demand, Trends and Share of Antibody-drug Conjugates (2017 – 2025)", ADC Review, June 30, 2017, available from https://adcreview.com/tag/adc/
- The Antibody Society, "Antibodies to watch in 2016: Mid-year update", August 2016, available from http://www.antibodysociety.org/antibodies-watch-2016-mid-year-update/

- The Antibody Society, “Antibody-drug conjugates in the spotlight”, October 2016, available from http://www.antibodysociety.org/antibody-drug-conjugates-spotlight/
- The Antibody Society, “Phase I Data for Enfortumab Vedotin and the World ADC Awards“, October 2016, available from http://www.antibodysociety.org/phase-data-enfortumab-vedotin-world-adc-awards/

2.7. CURRENCY PRESENTATION AND PRESENTATION OF FINANCIAL INFORMATION

In the Prospectus, the amounts set forth in "Euro", "EUR" and "€" refer to the single European currency adopted by certain participating member states of the European Union, including the Federal Republic of Germany. The amounts in "US Dollar", "USD" or "$" refer to the legal currency of the USA.

The consolidated financial statements of the Issuer as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 were prepared in accordance with IFRS and the additional requirements pursuant to Section 315a (I) of the German Commercial Code (HGB**)** as well as the unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 were prepared in accordance with IFRS on interim financial reporting (IAS 34). The unconsolidated annual financial statements of the Issuer as of and for the fiscal year ended 30 November 2016 were prepared in accordance with the applicable provisions of the HGB.

Any financial information in the Prospectus labeled as "audited" has been taken from the audited IFRS consolidated financial statements or the audited unconsolidated HGB annual financial statements mentioned above. Any financial information in the Prospectus labeled as "unaudited" has not been taken from those audited IFRS consolidated financial statements or unconsolidated HGB annual financial statements but was taken from the unaudited IFRS interim consolidated financial statements as of and for the nine months ended 31 August 2017, from our internal accounting system or is based on calculations of figures from the above-mentioned sources.

Some figures (including percentages) presented in the Prospectus have been rounded in line with standard business practice. In certain cases, the figures rounded in such way do not correspond exactly to the aggregated sums shown in the tables. In addition, totals or subtotals in the tables may vary slightly from unrounded figures given in other places in the Prospectus due to commercial rounding.

A glossary with the technical terms and abbreviations used in the Prospectus may be found at the end of the Prospectus.

3. THE OFFERING AND ADMISSION

3.1. SUBJECT MATTER OF THE OFFERING

The offering ("**Offering**") consists of (i) 7,484,190 ordinary bearer shares with no par value (*Stückaktien*), each share with a nominal amount of EUR 1.00 and with full dividend rights from 1 December 2016 ("**New Shares**") and (ii) - in the total nominal amount of - EUR 14,968,380.00 zero coupon convertible bonds divided into 14,968,380 notes in the nominal amount of EUR 1.00 per note ("**New Notes**"), each by way of a public offering in Germany and Luxembourg.

3.2. THE NEW SHARES

The New Shares will be issued by way of a capital increase against cash and/or in kind contributions with indirect subscription rights (*Bezugsrechte*) of the shareholders of the Company resolved by the Company's Executive Management Board on 3 November 2017 with the approval of the Supervisory Board of the same day. The capital increase shall be effected by utilising the Company's authorised capital resolved at the annual General Meeting on 20 July 2017 and registered with the Company's commercial register on 10 August 2017 which currently amounts to EUR 7,484,190.00 ("**Authorised Capital 2017/I**").

The New Shares will be offered to the shareholders at a ratio of 2:1, that is one New Share may be subscribed for two existing shares.

The subscription price per New Share ("**Subscription Price**") is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The Subscription Price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (*Bundesanzeiger*) presumably on 17 November 2017.

The New Shares are created by way of a so called "mixed share capital increase against contributions in cash and/or in kind". The major shareholder dievini is entitled to subscribe for a part of its subscription rights New Shares with a notional interest in the registered share capital of EUR 1.00 against payment in kind (contribution of its repayment claim (including interest) resulting out of the loan agreement dated 11 October 2016 concluded between dievini and the Company which will amount on 20 November 2017 to an amount of EUR 3,928,933.33). The exact amount of New Shares dievini is entitled to subscribe for against payment in kind is calculated by dividing the amount of EUR 3,928,933.33 by the Subscription Price; in the event of a fractional amount the number of New Shares shall be rounded down.

For subscription of the remaining amount of New Shares all shareholders (including dievini) are admitted against payment in cash; thereby dievini can subscribe for New Shares against contributions in cash only insofar as it has not used its subscription rights as outlined above by way of a contribution in kind.

Share Rump Placement

New Shares not subscribed for, if any, shall, on the basis of the conditions set forth in an underwriting agreement concluded on 3 November 2017 ("**Underwriting Agreement New Shares**") with Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim ("**Baader Bank**") and dievini, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and in private placements in

the United States to "qualified institutional buyers" ("**QIBs**") as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act.

The delivery of the New Shares can be effected only after the registration of the implementation of the capital increase with the Company's commercial register.

The registration of the implementation of the capital increase is expected to be effected until 22 November 2017. There is no guarantee that the registration of the implementation of the capital increase will be effected until that date. In case the capital increase against contributions in cash and/or in kind is not registered with the Company's commercial register and the New Shares arising therefrom are not originated, Baader Bank has the right to reverse the subscription offer. In such a case, the subscription orders of the shareholders shall be reversed and payments made for the payment of the Subscription Price shall be reimbursed.

Sole bookrunner is Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim.

dievini has indicated its general willingness to participate in the funding measure comprising the capital increase regarding the New Shares and the convertible bond (see section *"3.3 The New Notes"*), in any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire New Shares and New Notes not subscribed for in connection with the capital increase and the convertible bond.

3.3. THE NEW NOTES

The issuance of the New Notes was resolved on 3 November 2017 by the Executive Management Board of the Company with the approval of the Company's Supervisory Board of the same day and is based on the authorization of the annual General Meeting dated 20 July 2017.

The shareholders are granted the subscription right in such a way that Baader Bank, on the basis of the conditions set forth in an underwriting agreement concluded on 3 November 2017 ("**Underwriting Agreement New Notes**") with Baader Bank, is admitted for the underwriting of the New Notes with the obligation of offering them to the shareholders in accordance with their share in the share capital at the subscription price.

The subscription ratio shall be 1:1 - in other words, each shareholder has the right to obtain one New Note for one share in the Company for the subscription price and the subscription conditions as set out in the terms and conditions of the New Notes ("**Terms and Conditions**"). The Terms and Conditions can be found in the Prospectus under "*17 Terms and Conditions of the New Notes*".

The subscription price per subscribed New Note is EUR 1.00 which is the nominal amount per New Note.

The New Notes are convertible into bearer shares of the Company with no par value (*Stückaktien*) with a notional interest in the bearer share capital of EUR 1.00 per share.

Such new shares issued upon conversion from the Company's contingent capital 2017/II ("**Contingent Capital 2017/II**") shall be entitled to dividends in respect of the then current and all following financial years as from the beginning of the financial year of the Company in which such shares are issued; in the event, however, that new shares are issued before the general meeting resolving on the appropriation of the net profits of the preceding financial year, the new shares shall be entitled to dividends as from the beginning of the financial year preceding their issuance.

The conversion price per share ("**Conversion Price**") is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day

concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The Conversion Price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (*Bundesanzeiger*) presumably on 17 November 2017.

Thereafter, further adjustments of the Conversion Price are possible according to detailed terms set forth in the Terms and Conditions. The conversion ratio is calculated by dividing the principal amount of a New Note by the Conversion Price according to the Terms and Conditions as outlined before.

Note Rump Placement

New Notes not subscribed for, if any, shall, on the basis of the Underwriting Agreement New Notes, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended and in private placements in the United States to "qualified institutional buyers" as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act.

It is planned that the Contingent Capital 2017/II which was created to enable the conversion of notes, is admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) on 23 November 2017, as far as this is necessary in order to enable the conversion of the New Notes.

Sole bookrunner is Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim.

dievini has indicated its general willingness to participate in the funding measure comprising the capital increase (see section "*3.2 The New Shares"*) and the issuance of New Notes, in any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire New Shares and New Notes not subscribed for in connection with the capital increase and the issuance of New Notes.

3.4. PROJECTED TIMETABLE

The offering of the New Shares and the New Notes as well as the admission of the New Shares to trading is based on the following prospective timetable:

	Offering of New Shares	**Offering of New Notes**
3 November 2017	Approval of the Prospectus by the BaFin; publication of the Prospectus on the website of the Company.	
3 November 2017	Notification of the approved Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier, or CSSF*)	
6 November 2017	Publication of the subscription offer regarding the New Shares in the German Federal Gazette (*Bundesanzeiger*)	Publication of the subscription offer regarding the New Notes in the German Federal Gazette (*Bundesanzeiger*)
7 November 2017	Commencement of the subscription period regarding the New Shares	Commencement of the subscription period regarding the New Notes
16 November 2017	Publication of the Subscription Price by way of an ad hoc-announcement and on the website of the Company	Publication of the Conversion Price by way of an ad hoc-announcement and on the website of the Company

17 November 2017	Publication of the Subscription Price in the German Federal Gazette (*Bundesanzeiger*)	Publication of the Conversion Price in the German Federal Gazette (*Bundesanzeiger*)
20 November 2017 24:00. (CET)	End of the subscription period regarding the New Shares	End of the subscription period regarding the New Notes
20 November 2017	Start of the private placement	Start of the private placement
21 November 2017	End of the private placement	End of the private placement
21 November 2017	Ad hoc-announcement of the results of the Offering	
22 November 2017	Registration of the implementation of the capital increase with the commercial register	Issuance of the New Notes
23 November 2017	Admission to trading of the New Shares	Admission of the Contingent Capital 2017/II to trading
24 November 2017	Delivery of the New Shares	Delivery of the New Notes
	Introduction of the New Shares in the existing listing of the Company's shares	Introduction of the New Notes to the Open Market (*Quotation Board*) of the Frankfurt Stock Exchange

3.5. SUBSCRIPTION OFFER OF NEW SHARES

The offering scheduled to be published in German on 6 November 2017 on the Company's website and in the Federal Gazette will read as follows:

- not for release, publication or distribution in the United States, Australia, Canada, Japan or South Africa-

Heidelberg Pharma AG
Ladenburg

(ISIN DE000A11QVV0/WKN A11QVV)

Subscription Offer

*On 3 November 2017 the Executive Management Board of Heidelberg Pharma AG ("**Company**") resolved, with the approval of the Company's Supervisory Board of the same day, to make use of the authorization stipulated in sec. 5 para. 5 of the Articles of Association and to increase the Company's share capital of EUR 14,968,380.00, divided into 14,968,380 ordinary non-par value bearer shares, utilising the Authorised Capital 2017/I of the Company, by up to EUR 7,484,190.00 to up to EUR 22,452,570.00 against contributions in cash and/or in kind and granting a subscription right to the shareholders by issuing up to 7,484,190 ordinary non-par value bearer shares with a notional interest in the registered share capital of EUR 1.00 ("**Capital Increase November 2017**") ("**New Shares**"). The Capital Increase November 2017 takes place by way of a so called "mixed share capital increase against contributions in cash and/or in kind". The major shareholder dievini Hopp BioTech holding GmbH & Co KG, Walldorf, ("**dievini**") is entitled to subscribe for a part of its subscription rights New Shares with a notional interest in the registered share capital of EUR 1.00 per New Share against payment in kind (contribution of its repayment claim (including interest) resulting out of the loan agreement dated 11 October 2016 concluded between dievini and the Company which will amount on 20 November 2017 to an amount of*

EUR 3,928,933.33). The exact amount of New Shares dievini is entitled to subscribe for against payment in kind is calculated by dividing the amount of EUR 3,928,933.33 by the Subscription Price as outlined hereinafter under "Subscription Price"; in the event of a fractional amount the number of New Shares shall be rounded down.

For subscription of the remaining amount of New Shares which will be issued in the framework of the Capital Increase November 2017 all shareholders (including dievini) are admitted against payment in cash; thereby dievini can subscribe for New Shares only insofar as it has not used its subscription rights as outlined above by way of a contribution in kind. The present Subscription Offer only refers to these New Shares which can be subscribed for by cash.

dievini has indicated its general willingness to participate in the funding measure comprising the Capital Increase November 2017 and the convertible bond (see below "Subscription offer for the subscription of convertible bonds"), in any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire New Shares and new notes not subscribed for in connection with the Capital Increase November 2017 and the convertible bond.

*With the Supervisory Board's approval, the Executive Management Board has set the issue price for the New Shares at EUR 1.00 per New Share and resolved to grant an indirect subscription right to the shareholders. Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim ("**Baader Bank**"), on the basis of and subject to the conditions set forth in an underwriting agreement concluded on 3 November 2017 ("**Underwriting Agreement New Shares**"), has undertaken to offer the New Shares during the subscription period at a ratio of 2:1 to the shareholders for subscription, that is one New Share may be subscribed for two existing shares ("**Subscription Offer**").*

*New Shares not subscribed for, if any, shall, on the basis of the conditions set forth in the Underwriting Agreement New Shares, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and in private placements in the United States to "qualified institutional buyers" ("**QIBs**") as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act, for the Subscription Price as defined below.*

The Subscription Offer shall be transacted subject to the following provisions.

Subscription of New Shares (Subscription Offer)

*The subscription rights (ISIN DE000A2GSZB8/WKN A2G SZB) for the New Shares (ISIN DE000A11QVV0/WKN A11QVV) shall be held in a collective deposit at Clearstream Banking AG, Eschborn, and shall, as per 9 November 2017, (Payment Date) be transferred automatically to the securities deposit accounts of the participating banks by Clearstream Banking AG in the evening. For the calculation of the number of subscription rights of each shareholder the respective securities deposit account upon expiry of 8 November 2017 (Record Date) shall be relevant. With the beginning of the subscription period, the existing shares of the Company on the regulated market (Regulierter Markt – Prime Standard) of the Frankfurt Stock Exchange will be listed "*ex *subscription right".*

To avoid having their subscription rights lapse, the Company asks its shareholders to exercise their subscription rights for the New Shares

from 7 November 2017 (including) until 20 November 2017 (including)

during regular office hours via their custodian bank with Baader Bank as central settlement agent.

In accordance with the subscription ratio, one New Share may be subscribed for two ordinary non-par value bearer shares at a subscription price as defined below. It is also possible to subscribe for single New Shares. If and when the subscription ratio set within the framework of this capital increase results, in terms of figures, in claims for fractions of shares on the part of the shareholders, the shareholders shall not have any claims for the delivery of New Shares or cash settlement with regard to the fractional amounts resulting from such calculation.

Subscription rights not exercised within the subscription period will lapse; compensation is not provided for. An over-subscription regarding the New Shares will also not be provided for.

No subscription rights trading

Trading of subscription rights (ISIN DE000A2GSZB8/WKN A2G SZB) is neither arranged by the Company nor by Baader Bank and is not provided for. Nor will an application be made at a stock exchange for a determination of the price for the subscription rights. Therefore an acquisition or a sale of subscription rights at a stock exchange is presumably not possible. Nevertheless the subscription right can be transferred according to the statutory provisions applicable.

Subscription Price

*The subscription price per New Share ("**Subscription Price**") is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The Subscription Price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (Bundesanzeiger) presumably on 17 November 2017.*

Payment of the Subscription Price

Holders of subscription rights who wish to exercise their subscription right, shall have to pay the Subscription Price to Baader Bank as central settlement agent via their custodian bank upon exercising their subscription right, at the latest, however, until the end of the subscription period (20 November 2017 (including)). A timely receipt of payment of the Subscription Price per New Share within the subscription period is prerequisite for a valid exercise of the subscription right for the respective New Shares.

Commission

For the subscription of New Shares, the custodian banks shall charge the usual commission to the account of the shareholders exercising their subscription right.

Securitisation and delivery of the New Shares

The delivery of the New Shares can be effected only after the registration of the implementation of the capital increase with the Company's commercial register.

The registration of the implementation of the capital increase is expected to be effected until 22 November 2017. There is no guarantee that the registration of the implementation of the capital increase will be effected until that date. After the registration of the capital increase with the commercial register, the New Shares shall be securitised in one global note and deposited with Clearstream Banking AG, Eschborn, presumably on 22 November 2017. The delivery of the New Shares shall take place on 24 November 2017. A claim to securitization does not exist. The New Shares are booked to the securities deposit accounts of the shareholders who have exercised their subscription rights.

Trading of the New Shares

*The New Shares have dividend rights starting 1 December 2016. The admission to trading of the New Shares on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) is expected to be effected on 23 November 2017. The listing of the New Shares (ISIN DE000A11QVV0/WKN A11QVV) is planned for 24 November 2017. Delays in the registration of the implementation of the capital increase or the subsequent*

admission to trading and thus in the delivery of the New Shares cannot be excluded. The admission to trading and the delivery of the New Shares would then be effected at a later date than the one mentioned above.

Prospectus

With regard to the public offer and the admission to trading of the New Shares, a prospectus was published on the Company's website (www.heidelberg-pharma.com) on 3 November 2017. Free printed copies of the prospectus are available during regular office hours at Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Telephone +49-6203-1009-24, Telefax +49-6203-1009-19.

Subscription offer for the subscription of convertible bonds

As of the date of this subscription offer, the Company also publishes a subscription offer for the subscription of convertible bonds. This subscription offer is also published in the German Federal Gazette (Bundesanzeiger).

Important notice

Baader Bank's underwriting commitment for the New Shares is subject to the provision that Baader Bank receives legal opinions and that the Company provides the usual representations and warranties (such as representations and warranties with regard to corporate and compliance issues and the financial situation of the Company) vis-à-vis Baader Bank. Baader Bank has furthermore reserved the right to rescind its underwriting commitment for the New Shares if extraordinary events should occur, such as uncertainty on the international capital markets, the outbreak of hostilities and similar events, which, in Baader Bank's opinion, make the implementation of the capital measures seem inadvisable.

Baader Bank's underwriting commitment shall also cease if the implementation of the capital increase has not been registered with the commercial register of the Mannheim local court by the end of 24 November 2017 and the Company and Baader Bank cannot agree on a later date.

Risks

Before making their decision on exercising their subscription right, holders of subscription rights are advised to read carefully the Company's prospectus of 3 November 2017 and, in particular, to take into account the risks described under "Risk factors" in their decision. It is furthermore recommended that shareholders read and take into account the financial reports and other information available on the Company's website under www.heidelberg-pharma.com.

The Subscription Offer is subject to the condition precedent of the registration of the implementation of the capital increase with the Company's commercial register. The shareholders of the Company and investors are informed that in case the capital increase against contributions in cash is not registered with the commercial register and the New Shares arising therefrom are not originated, Baader Bank has the right to reverse the Subscription Offer. In such a case, the subscription orders of the shareholders shall be reversed and payments made for the payment of the Subscription Price shall be reimbursed.

If short sales have already been transacted prior to the booking of the New Shares to the securities deposit accounts of the respective purchasers, the seller alone shall bear the risk of not being able to fulfil their obligations from a short sale on time or at all by delivering New Shares.

Selling restrictions

The New Shares and subscription rights have not been and will not be registered under the Securities Act nor with the securities regulatory authorities of any state of the United States of America and may not be offered, sold or otherwise transferred or, in case of the subscription rights, exercised, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933. They are also not offered for subscription in Australia, Canada, Japan or South Africa.

The acceptance of this offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg may be subject to restrictions. Persons wishing to accept the offer outside of the Federal Republic of Germany

and the Grand Duchy of Luxembourg are asked to inform themselves on restrictions existing outside the Federal Republic of Germany and the Grand Duchy of Luxembourg and to take these into account.

Realisation of New Shares not subscribed for

Neither the Company nor Baader Bank are obliged to realise New Shares not subscribed for. The underwriting commitment of Baader Bank pursuant to the Underwriting Agreement New Shares exists only to the extent that subscription rights are exercised and New Shares are purchased within the framework of the private placement by any other investor than dievini. dievini will itself subscribe directly for all shares it assumes. The capital increase shall be effected only to such extent that shareholders of the Company validly exercise their subscription rights and the private placement is effected. If the capital increase cannot be fully effected, it is possible that the relative share in the actual issue volume of each shareholder exercising its subscription right increases accordingly.

Ladenburg, in November 2017

Heidelberg Pharma AG

Executive Management Board

3.6. INFORMATION CONCERNING THE NEW SHARES

3.6.1. Legal Basis for the Creation of the New Shares

All shares in the Company, including the New Shares, have been and will be issued based on the Articles of Association as bearer shares with a notional interest in the registered share capital of EUR 1.00 per share. All shares whether existing or to be created are governed by the laws of the Federal Republic of Germany.

3.6.2. Form and Certification of Shares

The New Shares of the Company are bearer shares with no par value (*Stückaktien*) and will be represented by one global share certificate. They will be deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, as a securities clearing and deposit bank. The right of shareholders to receive definitive share certificates for their shares is excluded by the Articles of Association.

3.6.3. Voting Rights

The New Shares that form the subject matter of this Offering carry the same rights as all the existing shares and confer no additional rights or benefits. Each offered New Share confers one vote at the General Meeting of the Company and the voting rights are not subject to any restrictions.

3.6.4. Dividend and Share in the Liquidation Proceeds

The existing shares confer full dividend rights and the New Shares confer full dividend rights as of 1 December 2016.

In the event of the Company's liquidation, holders of the New Shares have the same rights as holders of the existing shares to proceeds from the liquidation balance.

3.6.5. Transferability of New Shares

The New Shares can be freely transferred according to the legal provisions which apply for bearer shares with no par value (*Stückaktien*). No lock-up provisions or other legal restrictions on transferability of the New Shares exist.

3.6.6. Market Protection Agreement / Lock-up

Pursuant to the Underwriting Agreement New Shares concluded on 3 November 2017 between the Company, Baader Bank and dievini, the Company has agreed that it will not, without the prior written consent of Baader Bank, for a period of six months after the listing of the New Shares on the stock exchange

- purchase or sale shares of the Company or enter into other commitments with an economically similar content;
- announce or implement any capital increase from authorized capital (*genehmigtes Kapital*);
- submit a resolution for any capital increase to the General Meeting (*Hauptversammlung*);
- issue convertible or options bonds (*Wandel- oder Optionsschuldverschreibungen*);
- enter into any transaction or act in a way that is similar to the actions listed above.

This does not apply (a) to the issuance of the New Notes, (b) to the issuance or sale, as applicable, of shares or other securities issued under employee participation programs or stock option plans to the employees and/or members of the Executive Management Board of the Company or its subsidiaries as well as (c) to the issuance of shares against contributions in kind directly to contractual partners in connection with any acquisition, equity investment or joint venture. The necessary consent of Baader Bank shall not be unreasonably withheld.

3.6.7. International Securities Identification Number (ISIN)/ Securities Identification Number (WKN)/Ticker Symbol

International Securities Identification Number (ISIN):

- For the New Shares: DE000A11QVV0
- For the subscription rights to the New Shares: DE000A2GSZB8

Securities Identification Number (WKN – Wertpapier-Kenn-Nummer)

- For the New Shares: A11QVV
- For the subscription rights to the New Shares: A2G SZB

Ticker Symbol for the New Shares

- WL6

3.6.8. Payment Agent

The payment and depository agent for the New Shares of the Company is Dero Bank AG, Herzog-Wilhelm-Strasse 26, 80331 Munich, Germany.

3.6.9. Admission to Stock Exchange and Commencement of Trading

It is expected that application will be made on 15 November 2017 for the admission of the New Shares to trading on the regulated market segment of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The admission is expected to take place on 23 November 2017 and the inclusion of the New Shares in the existing listing of the shares of the Company on 24 November 2017. The management of the Frankfurt Stock Exchange will decide on the admission and the inclusion of the New Shares.

3.6.10. Designated Sponsor

equinet Bank AG, Gräfstraße 97, 60487 Frankfurt, has assumed the functions of a designated sponsor of the Company's shares that are traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for an indefinite period, however, the respective agreement may be terminated with a six weeks' notice. Pursuant to the designated sponsor agreement concluded among equinet Bank AG and the Company, equinet Bank AG, among

other things, places limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the shares.

3.7. SUBSCRIPTION OFFER OF NEW NOTES

The offering scheduled to be published in German on 6 November 2017 on the Company's website and in the Federal Gazette will read as follows:

- not for release, publication or distribution in the United States, Australia, Canada, Japan or South Africa

Heidelberg Pharma AG
Ladenburg

(Shares: ISIN DE000A11QVV0/WKN A11QVV)

Subscription offer

*Based on the authorization of the annual general meeting on 20 July 2017 the Executive Management Board of Heidelberg Pharma AG ("**Company**") resolved on 3 November 2017 with the approval of the Company's Supervisory Board of the same day to issue - in the total nominal amount of - up to EUR 14,968,380.00 zero coupon convertible bonds divided into up to 14,968,380 notes in the nominal amount of EUR 1.00 per note, which are to be offered for subscription to the shareholders of the Company.*

*The shareholders are granted the subscription right in such a way that Baader Bank AG, Weihenstephaner Strasse 4, 85716 Unterschleissheim ("**Baader Bank**"), on the basis of and subject to the conditions set forth in an underwriting agreement concluded on 3 November 2017 ("**Underwriting Agreement New Notes**"), was admitted for the underwriting of the notes with the obligation of offering them to the shareholders in accordance with their share in the share capital at the subscription price.*

The Subscription Offer shall be transacted subject to the following provisions.

Subscription of New Notes (Subscription Offer)

*The Company hereby offers to the shareholders by Baader Bank 14,968,380 notes with a nominal amount of EUR 1.00 each, thus a total nominal amount of EUR 14,968,380.00 (ISIN DE000A2GSZA0/WKN A2G SZA), which are convertible into bearer shares with no par value (Stückaktien) with a notional interest in the registered share capital of EUR 1.00 per share ("**New Notes**") for indirect subscription.*

The new shares issued upon conversion from the Company's contingent capital 2017/II shall be entitled to dividends in respect of the then current and all following financial years as from the beginning of the financial year of the Company in which such new shares are issued; in the event, however, that new shares are issued before the general meeting resolving on the appropriation of the net profits of the preceding financial year, the new shares shall be entitled to dividends as from the beginning of the financial year preceding their issuance.

*The subscription ratio shall be 1:1 - in other words, each shareholder has the right to obtain one New Note for one share in the Company for the subscription price and the subscription conditions as set out in the terms and conditions of the New Notes ("**Terms and Conditions**").*

*New Notes not subscribed for, if any, shall, on the basis of the Underwriting Agreement New Notes, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and in private placements in the United States to "qualified institutional buyers" ("**QIBs**") as such term is defined under Rule 144A of the Securities in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act, for the subscription price.*

dievini has indicated its general willingness to participate in the funding measure comprising the capital increase (see below "Subscription offer for the subscription of New Shares") and the issuance of New Notes, in

any case in the amount of its existing ownership interest. Provided that the subscription price/conversion price is fixed at a suitable amount, dievini is generally willing to acquire new shares and New Notes not subscribed for in connection with the capital increase and the issuance of New Notes.

The subscription price per subscribed New Note is EUR 1.00 which is the nominal amount per New Note.

*The conversion price per share ("**Conversion Price**") is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The Conversion Price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (Bundesanzeiger) presumably on 17 November 2017. Thereafter, further adjustments of the Conversion Price are possible according to detailed terms set forth in the Terms and Conditions.*

An over-subscription regarding New Notes will not be provided for. Only one or an integer multiple of one New Note can be subscribed for.

For the calculation of the number of subscription rights of each shareholder the respective securities deposit account upon expiry of 8 November 2017 (Record Date) shall be relevant. On 9 November 2017 (Payment Date) the subscription rights (ISIN DE000A2GSZC6/WKN A2G SZC) will be separated from the securities holdings within the scope of the existing subscription right and automatically credited to the shareholder securities deposit account of the custodian bank through Clearstream Banking AG, Eschborn. From the beginning of the subscription period on 7 November 2017 the shares of the Company shall be listed "ex subscription right".

*The Company appointed Baader Bank as a subscription agent ("**Subscription Agent**").*

Subscription rights can be exercised by filing a subscription notice, which will be submitted to the shareholders by their respective custodian bank, to the Subscription Agent or to the bank, in which the securities of a shareholder are held in a collective security deposit.

To avoid having their subscription rights lapse, we ask the shareholders to exercise their subscription rights for the New Notes

from 7 November 2017 (including) until 20 November 2017 (including)

via their custodian bank with Baader Bank as the Subscription Agent. Subscription rights shall be transferred to the securities deposit accounts of the Subscription Agent at the last day of the subscription period, latest.

The subscription price for each New Note has to be paid to the Subscription Agent via the custodian bank of the shareholder upon exercising their subscription right, at the latest, however, until the end of the subscription period (20 November 2017 (including)) (Expiration Date). A timely receipt of both the subscription notice and the payment of the subscription price are prerequisite for the observance of the time limit.

Subscription rights not exercised within the subscription period or subscription rights regarding fractural New Notes will lapse; compensation is not provided for.

No subscription rights trading

A trading of subscription rights (ISIN DE000A2GSZC6/WKN A2G SZC) is neither arranged by the Company nor by Baader Bank and is not provided for. Nor will an application be made at a stock exchange for a

determination of the price for the subscription rights. Therefore an acquisition or a sale of subscription rights at a stock exchange is presumably not possible. Nevertheless the subscription right can be transferred according to the statutory provisions applicable.

Commission

For the subscription of New Notes, the custodian banks shall charge the usual commission to the account of the shareholders exercising their subscription right.

Securitisation and delivery of the New Notes

The New Notes shall be securitised in a global note and deposited with Clearstream Banking AG, Eschborn, presumably on 17 November 2017. The subscribers will receive a credit amounting to their New Notes on their respective collective security deposit of their bank. The delivery of the New Notes shall take place on 24 November 2017.

Terms and Conditions of the New Notes and Conversion Price

The terms and conditions of the New Notes are subject to the Terms and Conditions of the New Notes which are contained in the prospectus published on the Company's website (www.heidelberg-pharma.com) on 3 November 2017.

- *Principal Amount and Denomination of the New Notes*
  The convertible bond is divided in up to 14,968,380 New Notes in bearer form in a principal amount of EUR 1.00 each, ranking pari passu among themselves. The obligations of the Company under the New Notes rank at least pari passu with all other unsecured and unsubordinated obligations from borrowings of the Company.

- *Interest rate of the New Notes*
  The New Notes will bear no interest (zero coupon).

- *Term of the New Notes*
  The New Notes will be redeemed at their principal amount on 22 November 2019. The Company may not redeem the New Notes before this date.

- *Conversion right of the New Notes*
  Each New Note grants the right to convert the New Notes in the conversion ratio into ordinary bearer shares (no-par value shares) of the Company with a notional interest in the share capital of EUR 1.00 per share. The Conversion Right may be exercised by a Noteholder during the period commencing on the 50th day after the issue day (presumably on the 11 January 2018) and ending on the maturity date subject to certain excluded periods

- *Conversion Price and conversion ratio*
  The Conversion Price per shares is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "Closing Price" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The Conversion Price will be announced and published by way of an ad hoc-announcement and on the website of the Company presumably on 16 November 2017 and in the German Federal Gazette (Bundesanzeiger) presumably on 17 November 2017. Further adjustments of the Conversion Price are possible according to detailed terms set forth in the Terms and Conditions.

The conversion ratio is calculated by dividing the principal amount of a New Note by the Conversion Price.

- *Mandatory conversion*
  The Company is entitled to require a mandatory conversion of the New Notes into shares of the Company. The mandatory conversion will be conducted at the Conversion Price and each New Note shall be converted in the conversion ratio into ordinary bearer shares (no-par value shares) of the Company with a notional interest in the share capital of EUR 1.00 per share. The mandatory conversion may be required at the end of the term of the New Notes.

- *No additional payment*
  No additional payment is necessary in connection with a conversion of New Notes into shares of the Company by a Noteholder or at a mandatory conversion. Fractions of shares will not be delivered but be compensated in cash after aggregation of fractions according to the details set forth in the Terms and Conditions.

- *Dilution adjustments*
  The Terms and Conditions contain several rules for dilution adjustments. According to these provisions the Conversion Price and therefore the conversion ratio may be adjusted, eg. in case of a capital increase from, Company reserves, share split, distributions etc. The detailed provisions are set forth in Sec. 12 of the Terms and Conditions.

- *Repurchase*
  The Company and/or its affiliates is/are entitled at any time to acquire New Notes in accordance with applicable law. Any New Notes acquired may be cancelled or held or resold.

- *Termination*
  In case of the existence of an important reason, each holder of New Notes is entitled to declare due and payable its entire claims arising from the New Notes and demand payment of their principal amount. Such an important reason exists especially: (i) in the instance of the opening of insolvency proceedings for the Company's assets or in the case of the rejection of the opening of such insolvency proceedings due to a lack of net assets; or (ii) if the Company is liquidated due to a liquidation resolution passed by the shareholders' meeting.

- *Negative Pledge*
  The Company may not create any lien, pledge or other security right upon any part of its assets to secure any present or future capital market indebtedness in the form of or represented by bonds, notes, debentures, loan stock or other securities capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and Schuldschein loans.

- *Paying agent/conversion agent*
  The Company will appoint Baader Bank AG, Unterschleissheim, to act as paying agent and as conversion agent.

- *Governing law and place of jurisdiction*
  The New Notes as well as all rights and obligations arising from the Terms and Conditions shall be governed by the laws of the Federal Republic of Germany. The place of jurisdiction for all proceedings arising from the New Notes and its Terms and Conditions shall, to the extent legally permitted, be Heidelberg, Germany.

Admission of the contingent capital on which the New Notes are based to trading

It is planned that the contingent capital 2017/II which was created to enable the conversion of notes, is admitted to trading on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) on 23 November 2017, as far as this is necessary in order to enable the conversion of the New Notes.

Trading of the New Notes

It is intended to introduce the New Notes to the Open Market (Quotation Board) of the Frankfurt Stock Exchange on 24 November 2017.

Prospectus

With regard to the public offer of the New Notes, a prospectus was published on the Company's website (www.heidelberg-pharma.com) on 3 November 2017. Free printed copies of the prospectus are available during regular office hours at Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Telephone +49-6203-1009-24, Telefax +49-6203-1009-19.

Subscription offer for the subscription of New Shares

As of the date of this subscription offer, the Company also publishes a subscription offer for the subscription of new shares from authorised capital. This subscription offer is also published in the German Federal Gazette (Bundesanzeiger).

Important notice

Baader Bank's underwriting commitment for the New Notes is subject to the provision that Baader Bank receives legal opinions and that the Company provides the usual representations and warranties (such as representations and warranties with regard to corporate and compliance issues and the financial situation of the Company) vis-à-vis Baader Bank. Baader Bank has furthermore reserved the right to rescind from its underwriting commitment for the New Notes if extraordinary events should occur, such as uncertainty on the international capital markets, the outbreak of hostilities and similar events, which, in Baader Bank's opinion, make the implementation of the capital measures seem inadvisable.

Risks

Before making their decision on exercising their subscription right, holders of subscription rights are advised to read carefully the Company's prospectus of 3 November 2017 and, in particular, to take into account the risks described under "Risk factors" in their decision. It is furthermore recommended that shareholders read and take into account the financial reports and other information available on the Company's website under www.heidelberg-pharma.com.

Selling Restrictions

The New Notes and subscription rights have not been and will not be registered under the U.S. Securities Act of 1933 nor with the securities regulatory authorities of any state of the United States of America and may not be offered, sold or otherwise transferred or, in case of the subscription rights, exercised within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. They are also not offered for subscription in Australia, Canada, Japan or South Africa.

The acceptance of this offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg may be subject to restrictions. Persons wishing to accept the offer outside of the Federal Republic of Germany and the Grand Duchy of Luxembourg are asked to inform themselves on restrictions existing outside the Federal Republic of Germany and the Grand Duchy of Luxembourg and to take these into account.

Placement of New Notes not being subscribed for

Neither the Company nor Baader Bank are obliged to realise New Notes not subscribed for. The underwriting commitment of Baader Bank pursuant to the Underwriting Agreement New Notes exists only to the extent that subscription rights are exercised and New Notes are purchased within the framework of the private placement.

Ladenburg, in November 2017

Heidelberg Pharma AG

3.8. INFORMATION CONCERNING THE NEW NOTES

3.8.1. Currency of the New Notes

The subscription price for the New Notes is determined in Euros.

3.8.2. Resolutions of the governing bodies concerning the issue of the New Notes

With the approval of the Supervisory Board, the Executive Management Board of the Company passed a resolution to issue the New Notes, convertible to bearer shares with no par value (*Stückaktien*) of the Company. The New Notes shall be divided into up to 14,968,380 equal partial debentures in bearer form. The shareholders shall be granted a subscription right.

3.8.3. Issuer of the New Notes

The issuer of the New Notes is Heidelberg Pharma AG.

3.8.4. Terms and Conditions of the New Notes

The terms and conditions of the New Notes can be found in the Prospectus under "*17 Terms and Conditions of the New Notes*".

3.8.5. Form and Certification of the New Notes

The New Notes of the Company are equal partial debentures in bearer form and will be represented by one global note certificate which will be deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, as a securities clearing and deposit bank. The right of holders of the New Notes to receive definitive note certificates for their New Notes is excluded.

3.8.6. Transferability of the New Notes

The New Notes can be freely transferred through Clearstream Banking AG, Frankfurt am Main, Clearstream Banking S.A., Luxembourg, or Euroclear Bank S.A./N.V., Brussels according to the legal provisions which apply for convertible bonds. No lock-up provisions or other legal restrictions on transferability of the New Notes exist.

3.8.7. Market Protection Agreement / Lock-up

Pursuant to the Underwriting Agreement New Notes concluded on 3 November 2017 between the Company and Baader Bank, the Company has agreed that it will not, without the prior written consent of Baader Bank, for a period of six months after the listing of the New Shares on the stock exchange

- purchase or sale shares of the Company or enter into other commitments with an economically similar content;
- announce or implement any capital increase from authorized capital (*genehmigtes Kapital*);
- submit a resolution for any capital increase to the General Meeting (*Hauptversammlung*);
- issue convertible or options bonds (*Wandel- oder Optionsschuldverschreibungen*);
- enter into any transaction or act in a way that is similar to the actions listed above.

This does not apply (a) to the issuance of the New Shares, (b) to the issuance or sale, as applicable, of shares or other securities issued under employee participation programs or stock option plans to the employees and/or members of the Executive Management Board of the Company or its subsidiaries as well as (c) to the issuance of shares against contributions in kind directly to contractual partners in connection with any acquisition, equity investment or joint venture. The necessary consent of Baader Bank shall not be unreasonably withheld.

3.8.8. Yield of the New Notes

As zero coupon notes the New Notes do not pay current interest.

3.8.9. No Security Interest

The obligations of Heidelberg Pharma under the New Notes will constitute unsecured and unsubordinated obligations of Heidelberg Pharma and rank at least *pari passu* with all other unsecured and unsubordinated obligations from borrowings of Heidelberg Pharma. In the event of any insolvency of the Company, the Noteholders will rank on a *pari passu* basis with all other unsecured and unsubordinated creditors of the Company.

3.8.10. Joint Representative

The Noteholders may according to the terms and conditions to be found in the Prospectus under "*18 Terms and Conditions of the New Notes*" and according to the provisions of the German Act on Notes from issues of identical debt securities (*Gesamtemissionen*) (German Act on Notes- *Schuldverschreibungsgesetz*) by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. No joint representative has been appointed yet.

3.8.11. International Securities Identification Number (ISIN)/ Securities Identification Number (WKN)/Ticker Symbol

International Securities Identification Number (ISIN):

- For the New Notes: DE000A2GSZA0
- For the subscription rights to the New Notes: DE000A2GSZC6

Securities Identification Number (WKN – Wertpapier-Kenn-Nummer)

- For the New Notes: A2G SZA
- For the subscription rights to the New Notes: A2G SZC

3.8.12. Payment Agent

The payment and depository agent for the New Notes of the Company is Baader Bank AG, Weihenstephaner Straße 4, 85716 Unterschleissheim, Germany.

3.8.13. Introduction to the Open Market

It is intended to introduce the New Notes to the Open Market (Quotation Board) of the Frankfurt Stock Exchange.

3.9. INTERESTS OF PARTIES PARTICIPATING IN THE OFFERING OR THE ADMISSION

Baader Bank entered into an Underwriting Agreement New Shares with the Company and dievini and into an Underwritung Agreement New Notes on 3 November 2017 with the Company in connection with this Offering. Therefore, Baader Bank accompanies and advises the Company in the offering of the New Shares, the New Notes and the respective admission to trading of the New Shares. Also Baader Bank participates in the marketing of the New Notes and the New Shares in the intended private placement in Europe and the USA. Based on the Underwriting Agreement New Shares and the Underwriting Agreement New Notes Baader Bank receives a commission and other payments upon successful completion of the Offering and the private placement. The amount of the commission will depend on the size of the Offering, the private placement and the subscription price for the New Shares and the conversion price of the New Notes. Therefore Baader Bank has an interest that as many New Shares and New Notes as possible are placed at the highest price possible.

The major shareholder dievini Hopp BioTech holding GmbH & Co KG, Walldorf, ("**dievini**") is entitled to subscribe for a part of its subscription rights New Shares with a notional interest in the registered share capital of EUR 1.00 per New Share against payment in kind (contribution of its repayment claim (including interest)

resulting out of the loan agreement dated 11 October 2016 concluded between dievini and the Company which will amount on 20 November 2017 to an amount of EUR 3,928,933.33). The exact amount of New Shares dievini is entitled to subscribe for against payment in kind is calculated by dividing the amount of EUR 3,928,933.33 by the Subscription Price; in the event of a fractional amount the number of New Shares shall be rounded down. dievini, therefore has in interest in the implementation of the capital increase which is the subject matter of the offering of the New Shares.

Holders of the New Shares have an interest in the admission of their New Shares to trading due to the tradability in the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

Holders of the New Notes have an interest in the introduction of the New Notes to the Open Market (Quotation Board) of the Frankfurt Stock Exchange.

3.10. DILUTION

Shareholders who exercise their subscription rights to the New Shares and the New Notes will maintain their percentage of the ownership of the Company's share capital following the capital increase and the issuance and the conversion of the New Notes. To the extent the shareholders do not exercise their subscription rights to the New Shares, and assuming all New Shares will be issued, each shareholder's share in the Company would decrease by approximately 33.3% (calculated on the basis of (i) the number of 14,968,380 issued shares of the Company as of 31 August 2017 and (ii) the number of 22,452,570 issued shares of the Company after the consummation of the capital increase).

To the extent the shareholders do not exercise their subscription rights to the New Notes, and assuming all New Notes will be issued and converted (assuming a maximum number of 5,987,000 new shares resulting from the conversion of all New Notes and the complete utilisation of the available Contingent Capital 2017/II), each shareholder's share in the Company would decrease by 28.6%.

The net carrying amount of the Group amounted to approximately EUR 7,208 k or to approximately EUR 0.48 per share (calculated on the basis of the number of 14,968,380 issued shares of the Company). The net carrying amount of the Heidelberg Pharma Group is calculated on the basis of the unaudited consolidated interim financial statements ended 31 August 2017 by deducting the amount of the total liabilities as of 31 August 2017 (EUR 7,904 k) from the amount of total assets as of 31 August 2017 (EUR 15,112 k).

Assuming (i) the capital increase against cash contributions and/or contribution in kind is consummated in full and (ii) the net proceeds (assuming gross proceeds of approximately EUR 21 m less estimated costs of approximately EUR 0.9 m relating to the offering of the New Shares) amount to approximately EUR 20.1 m, the net carrying amount of the Heidelberg Pharma Group as of 31 August 2017 would have amounted to approximately EUR 27,308 k or to approximately EUR 1.22 per share (calculated on the basis of the number of 22,452,570 issued shares of the Company after the consummation of the capital increase).

This would result in an increase of the net carrying amount of Heidelberg Pharma Group by approximately EUR 0.73 per share and by approximately 153% per share for existing shareholders. There would be an immediate dilution of EUR 1.59 per share or approximately 57% for the purchasers of the New Shares.

Assuming (i) the targeted gross proceeds from the offering of the New Notes, i.e. EUR 15 m, and (ii) all New Notes are subscribed for, (iii) all New Notes are converted and (iv) the net proceeds (assuming gross proceeds of EUR 15 m less estimated costs of EUR 0.4 m relating to the offering of the New Notes) amount to EUR 14.6 m, the net carrying amount of the Heidelberg Pharma Group as of 31 August 2017 would have amounted to approximately EUR 21,808 k or to approximately EUR 1.04 per share (calculated on the basis of an assumed maximum number of 20,955,380 issued shares of the Company after the conversion of all New Notes but not reflecting any increase from the capital increase described above).

This would result in an increase of the net carrying amount of Heidelberg Pharma Group by approximately to EUR 0.56 per share and by approximately 116% to EUR 1.04 per share for existing shareholders. There would be an immediate dilution of EUR 1.46 per share or approximately 58% for the purchasers of the New Notes.

Assuming (i) the capital increase against cash contributions and/or contribution in kind is consummated in full and (ii) the net proceeds from the New Shares (assuming gross proceeds of approximately EUR 21 m less estimated costs relating to the offering of the New Shares) amount to approximately EUR 20.1 m, (iii) the targeted gross proceeds from the offering of the New Notes, i.e. EUR 15 m, and (iv) all New Notes are subscribed for, (v) all New Notes are converted and (vi) the net proceeds from the New Notes (assuming gross proceeds of approximately EUR 15 m less estimated costs relating to the offering of the New Notes) amount to EUR 14.6 m, the net carrying amount of the Heidelberg Pharma Group as of 31 August 2017 would have amounted to approximately EUR 41,908 k or to approximately EUR 1.47 per share (calculated on the basis of an assumed maximum number of 28,439,570 issued shares of the Company after the consummation of the capital increase and the conversion of all New Notes).

This would result in an increase of the net carrying amount of Heidelberg Pharma Group by approximately to EUR 0.99 per share and by approximately 206% to EUR 2.67 per share for existing shareholders. There would be an immediate dilution of EUR 1.20 per share or approximately 45% for the purchasers of the New Notes and/or the New Shares.

3.11. UNDERWRITING

The Company has concluded on 3 November 2017 an underwriting agreement regarding the New Shares with Baader Bank and dievini and an underwriting agreement regarding the New Notes (together "**Underwriting Agreements**") with Baader Bank. Under the Underwriting Agreements, the eligible shareholders are granted subscription rights with regard to the New Shares and the New Notes in such a way that Baader Bank is admitted for the subscription and underwriting of the New Shares and the New Notes with the obligation of offering them to the eligible Shareholders in accordance with their share in the share capital at the respective subscription prices. New Shares and New Notes not subscribed for, if any, shall, on the basis of the conditions set forth in the Underwriting Agreements, be offered in private placements to dievini and institutional investors in Europe and outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended and in private placements in the United States to "qualified institutional buyers" as such term is defined under Rule 144A of the Securities Act in reliance on an exemption under Section 4(a)(2) or another exemption under the Securities Act. The underwriting commitment of Baader Bank pursuant to the Underwriting Agreements exists only to the extent that subscription rights are exercised and New Shares or New Notes, as the case may be, are purchased within the framework of the private placement by any other investor than dievini. dievini will itself subscribe directly for all shares it assumes. The capital increase with regard to the New Shares shall be effected only to such extent that shareholders of the Company validly exercise their subscription rights and the private placement is effected.

The New Shares offered to the shareholders in the offering will be created by registration of the share capital increase in the Company's commercial register. Only with regard to those New Shares offered in the private placement (and which are therefore not part of the public offering), dievini and Baader Bank may enter into a securities loan agreement according to which dievini provides Baader Bank with existing shares for the delivery to investors of the private placement. This could enable Baader Bank to deliver shares to the investors in the private placement before the registration of the share capital increase in the commercial register is made. In return, Baader Bank would be obliged to subscribe for such amount of New Shares in the offering corresponding to the shares delivered to the private placement investors and to transfer such amount of New Shares to dievini in compensation for the shares provided by dievini in the securities loan. In this context the Underwriting Agreement New Shares provides for the following: Should a registration of the share capital increase in the commercial register not be made to such extent which is needed to cover the borrowed shares delivered by Baader Bank to the investors in the private placement, the Company is obliged to compensate Baader Bank in such a way that Baader Bank can settle its obligation towards dievini; also Baader Bank is entitled to use the proceeds of the private placement for those shares not covered by the share capital increase and to distribute them to dievini as lender and not to the Company.

Baader Bank's underwriting commitment for the New Shares and the New Notes is subject to the provision that Baader Bank receives legal opinions and that the Company provides the usual representations and warranties (such as representations and warranties with regard to corporate and compliance issues and the financial situation of the Company), vis-à-vis Baader Bank. Baader Bank has furthermore reserved the right to rescind its underwriting commitment for the New Shares and the New Notes if extraordinary events should occur, such as uncertainty on the international capital markets, the outbreak of hostilities and similar events, which, in Baader Bank's opinion, make the implementation of the capital measures seem inadvisable.

Baader Bank's underwriting commitment shall also cease if the capital increase with regard to the New Shares has not been registered with the commercial register of the Mannheim local court by the end of 24 November 2017 and the Company and Baader Bank cannot agree on a later date.

3.12. NOTICE TO US INVESTORS

This Prospectus has been prepared pursuant to rules and requirements other than those promulgated under the US federal securities laws, and may not contain disclosures customary, expected or required in registered securities transactions pursuant to the US Securities Act and the applicable rules and requirements thereunder. In particular, this Prospectus may not provide a prospective U.S. investor with all of the financial information typically found in a US transaction of this nature to make an investment decision in the New Shares and/or the New Notes. Any U.S. investor considering an investment should take this into consideration and ensure that it has reviewed all possible risks and all necessary disclosure on the Company before making an investment in the New Shares and/or the New Notes.

The distribution of this Prospectus into jurisdictions other than Germany and Luxembourg may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

4. COSTS OF THE OFFERING; REASONS FOR THE OFFERING

4.1. COSTS OF THE OFFERING

The Company is targeting the placement of all New Shares and all New Notes and gross proceeds of approximately EUR 34 to 38 m whereby targeted gross proceeds from the New Shares would amount to approximately EUR 19 to 23 m and those from the New Notes would amount to approximately EUR 15 m.

The costs relating to the offering and admission of the New Shares (assuming gross proceeds of EUR 21 m) are expected to amount to approximately EUR 900 k. The Company expects the costs relating to the offering of the New Notes (assuming gross proceeds of EUR 15 m) to amount to approximately EUR 400 k. Assuming aggregate gross proceeds of EUR 36 m, the aggregate costs relating to (i) the offering of the New Notes and (ii) the offering and the admission of the New Shares are expected to amount to approximately EUR 1,300 k.

4.2. REASONS FOR THE OFFERING

The Company intends to use the envisaged net proceeds resulting from the sale of the New Shares and of the New Notes in the amount of approximately EUR 35 m (assuming aggregate gross proceeds of EUR 36 m) to repay shareholder loans and to finance the growth and development of its business.

4.2.1. New Shares

The Company intends to use the net proceeds from the offering of the New Shares of approximately EUR 20.1 m (assuming gross proceeds of EUR 21 m and costs of EUR 0.9 m) for the working capital shortfall in an amount of approximately EUR 15 m to achieve a working capital of twelve months after the date of the Prospectus. Such amount relates to the funds the Company intends to spend on and for the further development of the ATAC technology and the completion of the GMP process for selected Amanitin derivatives and the BCMA antibody as well as the linker toxin moieties in the first twelve months after the date of the Prospectus.

The intended use of the total net proceeds (including the EUR 15 m working capital for the first twelve months) breaks down in detail as follows: Approximately EUR 5 to 7 m shall be used to finance basic research and development as well as sales and administration costs in 2018. A further EUR 5 to 6 m are planned to be invested in the completion of the GMP process development and manufacturing of the BCMA antibody, the toxin-linker and the combined ATAC molecule to provide an industrial scale manufacturing by external service-manufacturing providers. Furthermore, approx. EUR 1 to 2 m of the net proceeds from the offering of the New Shares are intended to be spent for the development of a diagnostic assay to explore the potential of a companion diagnostic approach that could possibly support the treatment with ATAC compounds in the future. Approximately EUR 1 m will be used to screen follow-up pipeline projects. Finally, an amount of EUR 3.9 m will be used to reduce financial liabilities by converting the shareholder loan granted by dievini including interest as part of the contribution in kind. Any remaining net proceeds are dedicated to general corporate purposes, to increase equity and to enhance financial and strategic flexibility.

The Company intends to use these net proceeds from the offering of the New Shares to this end in addition to the part of the net proceeds from the offering of the New Notes.

4.2.2. New Notes

The Company intends to use the net proceeds from the offering of the New Notes of approximately EUR 14.6 m (assuming gross proceeds of EUR 15 m and costs of EUR 0.4 m) for the clinical development of its proprietary drug candidate HDP-101 starting end of 2018. Heidelberg Pharma estimates the costs for the clinical studies until the end of 2021, at which point a clinical proof of concept is expected, to be between EUR 7 and 8 m. EUR 4 to 5 m shall be dedicated to advancing a second ATAC development project still to be selected from early project candidates. Further, the Company plans to use EUR 1 to 1.5 m for pre- and non-clinical development, patent and license costs as well as project management costs. Any remaining net proceeds are dedicated to general corporate purposes, to increase equity and to enhance financial and strategic flexibility.

The Company intends to use these net proceeds from the offering of the New Notes to this end in addition to the part of the net proceeds from the offering of the New Shares.

5. DIVIDEND POLICY

5.1. GENERAL PROVISIONS RELATING TO PROFIT ALLOCATION AND DIVIDEND PAYMENTS

The resolution on the allocation of the balance sheet profit and the distribution of dividends for a given fiscal year and the amount and payment date thereof, are resolved by the General Meeting of the subsequent fiscal year. The General Meeting is bound by the Company's unconsolidated annual financial statements prepared in accordance with the accounting principles of the German Commercial Code (*HGB*). Accounting principles set forth in the HGB differ from IFRS in material respects. The General Meeting generally resolves on the basis of a joint proposal by the Executive Management Board and the Supervisory Board on the allocation of the balance sheet profits.

Dividends may only be distributed from balance sheet profit (*Bilanzgewinn*) of the Company. Balance sheet profit is calculated based on the Company's unconsolidated annual financial statements as prepared by the Executive Management Board and as generally approved by the Supervisory Board unless the Executive Management Board and the Supervisory Board resolve to leave the decision to approve the annual financial statements to the General Meeting. When determining the amount available for distribution, net income for the year must be adjusted for profit/loss carry forwards from the prior fiscal year and releases of or allocations to reserves. Certain reserves are required to be set up by law and must be deducted when calculating the profit available for distribution.

Dividends resolved by the General Meeting are paid annually and are due and payable on the third business day after the General Meeting, unless provided otherwise in the dividend resolution or in the Articles of Association, in compliance with the rules of the respective clearing system. Since all of the Company's shares and the dividend rights are evidenced by global certificates that are deposited with Clearstream Banking AG, Clearstream Banking AG transfers the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under the same obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at the respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the General Meeting.

Any dividends not claimed within three years become time-barred. Once the statute of limitations has run, the dividend payment claim passes to the Company. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from the dividends paid. For more information on the taxation of dividends, see "*15 Taxation in the Federal Republic of Germany*" and "*16 Taxation in the Grand Duchy of Luxembourg*".

5.2. DIVIDEND POLICY AND EARNINGS PER SHARE

In view of the current earnings situation, the Issuer will not distribute a dividend. In the medium-term, the Issuer will invest available funds in the growth and the development of its business. Dividend distributions are therefore not likely for the time being.

No dividends were distributed in 2016, 2015 and 2014. In 2016, the loss per share amounted to EUR 0.53 (weighted average number of shares: 11,980,894; weighted average number of ordinary shares adjusted for the effect of dilution: 11,980,894). In 2015, the loss per share amounted to EUR 0.75 (weighted average number of shares: 8,776,087; weighted average number of ordinary shares adjusted for the effect of dilution: 8,776,087) compared with a loss of EUR 0.73 per share in 2014 (weighted average number of shares: 7,818,876; weighted average number of ordinary shares adjusted for the effect of dilution: 7,818,876).

6. CAPITALIZATION AND INDEBTEDNESS; WORKING CAPITAL STATEMENT

The Company prepared its unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 in accordance with IFRS on interim financial reporting (IAS 34). Unless otherwise indicated, the financial information contained in the following tables has been taken from the Company's above-mentioned unaudited interim consolidated financial statements or its internal accounting system or is based on calculations of figures from the above-mentioned sources.

6.1. CAPITALIZATION

	31 August 2017 (unaudited) in EUR k
Total current debt[(1)]	**7,897**
guaranteed[(2)]	-
secured[(2)]	-
unguaranteed/unsecured[(2)]	7,897
Total non-current debt[(3)]	**7**
guaranteed[(2)]	-
secured[(2)]	-
unguaranteed/unsecured	7
Shareholders' equity	
Share capital[(4)]	14,968
Legal reserves[(5)]	194,107
Other reserves[(6)]	-201,867
Total shareholders' equity	**7,208**
Total liabilities and shareholders' equity	**15,112**

(1) Shown as current liabilities in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(2) Derived from the Company's internal accounting system.

(3) Shown as non-current liabilities in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(4) Shown as subscribed capital in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(5) Shown as capital reserve in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(6) Shown as accumulated losses in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

6.2. NET INDEBTEDNESS

	31 August 2017 (unaudited) in EUR k
Cash[(1)]	**4,491**
Cash equivalents[(1)]	**-**
Trading securities[(1)]	**-**
Liquidity[(2)]	**4,491**
Current Financial Receivable[(3)]	**126**
Current bank debt[(1)]	**-**
Current portion of non-current debt[(1)]	7
Other current financial debt[(4)]	7,897
Current Financial Debt[(5)]	**7,904**
Net Current Financial Indebtedness[(6)]	**3,287**
Non-current Bank loans[(1)]	**-**
Bonds issued[(1)]	**-**
Other non-current loans[(1)]	-
Non-Current Financial Indebtedness[(7)]	**-**
Net Financial Indebtedness[(8)]	**3,287**
Indirect liabilities	0
Contingent liabilities[(9)]	375

(1) Derived from the Company's internal accounting system.

(2) Sum of cash, cash equivalents and trading securities.

(3) Shown as trade receivables in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(4) Other current financial debt include trade payables (EUR 661 k), provisions (EUR 408 k), other current liabilities (EUR 2,948 k) and current financial liabilities (EUR 3,879 k), each as shown in the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017.

(5) Sum of current bank debt, current portion of non-current debt and other current financial debt.

(6) Current Financial Debt less Liquidity and Current Financial Receivable.

(7) Sum of non-current Bank loans, bonds issued and other non-current loans.

(8) Net Current Financial Indebtedness plus Non-Current Financial Indebtedness.

(9) Total claim of Siemens Corporation (EUR 783 k) less provisions (EUR 408 k) related to lease liabilities

6.3. CONTINGENT LIABILITIES

As of 30 November 2016, the Company has a contingent liability in the context of the 2013 sale of its former subsidiary WILEX Inc. to Nuclea. The leasing of premises by the former subsidiary WILEX Inc. was originally based on a sub-lease between Siemens Corporation, NJ, USA, as main tenant and WILEX Inc. as sub tenant. As part of the acquisition of WILEX Inc., the Company assumed a rental payment guarantee and a guarantee for payment of damages in case of default in respect of the main tenant in 2010 (the "Sublease Guarantee"). After the sale of the entity and as a result of the merger of WILEX Inc. into Nuclea on 6 November 2013, Nuclea entered into the agreement as sub-tenant of Siemens. The monthly rent amounts to USD 56 k, or USD 673 k per year. The sub-lease was signed in 2010 for an initial period ending on 31 January 2016. On the basis of a separate agreement between Nuclea and Siemens Corporation, the lease was extended to 27 February 2019 without the involvement of the Company. To the Company's knowledge, the tenant’s rent payments are in arrears for a prolonged period. In addition, there is a possibility in the future that the agreement could result in the Company being held liable in respect of the landlord for damages due to the default of the current tenant Nuclea and for rent in arrears from the period after 31 January 2016.

In the summer of 2016, bankruptcy proceedings were opened for Nuclea. In accordance with the principle of prudence, as of 31 August 2017, Heidelberg Pharma AG has set aside reserves for the potential liability from the sublease guarantee in the amount of EUR 408 k, as in the previous year. Siemens is demanding that Heidelberg Pharma AG pay the rent in arrears and compensation for the period through July 2016 totaling USD 832 k. However, based on the opinion of the US attorneys hired, Heidelberg Pharma AG believes that Siemens does not have grounds to assert legal claims against Heidelberg Pharma AG. In May 2017, Siemens Corporation brought an action against Heidelberg Pharma AG for this amount before the United States District Court for the District of Massachusetts, USA. The Company entered into sub-leases that generated EUR 12 k (previous year: EUR 251 k). WILEX Inc. can expect minimum payments of EUR 8 k from existing subleases as of the reporting date 30 November 2016.

The Company leases office and laboratory facilities, office furnishings and vehicles. These constitute operating leases, as the contractual agreement does not transfer any risks or rewards to the Company. The conditions, rental increase clauses and extension options of lease agreements vary. The Company has a notice period of three months to three years for these lease agreements, depending on the contract.

6.4. WORKING CAPITAL STATEMENT

Heidelberg Pharma is of the opinion that the Group does not have sufficient working capital to meet its present requirements and cover its working capital needs for a period of at least twelve months following the date of the Prospectus. In case the Group is not able to attract any extra funds, but continues business under normal circumstances, Heidelberg Pharma Group may run out of working capital in April 2018. To cover a period of at least twelve months following the date of the Prospectus, additional working capital in an amount of approximately EUR 15 m is required.

In order to remedy this working capital shortfall and to finance the growth and the development of its business, the Company is conducting the offering of the New Shares and the New Notes. In the event that Heidelberg Pharma is not able to raise sufficient funds from offering the New Shares and the New Notes, the Company considers alternative funding such as debt financing from its principal shareholders, additional partnerships with pharmaceutical companies such as sale or licensing of Heidelberg Pharma Group's lead developing candidate HDP-101 and a general reduction of costs.

Heidelberg Pharma believes that the measures described above will allow the Group to have sufficient working capital for at least the next twelve months. However if the cash inflows described will not be achievable, if one or more of these actions do not materialise in time or if the measures in aggregate do not generate sufficient additional funding, Heidelberg Pharma may not be able to meet its future payment obligations. In this case, the Company may enter into administration.

6.5. SIGNIFICANT CHANGE

On 9 October 2017 the Company adjusted its guidance for the current fiscal year. Sales revenues are downward on the one hand due to deferred revenue arising under the agreement with Takeda Pharmaceutical Company Limited as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health Co. Since 31 August 2017 cash and cash equivalents have decreased according to plan in the ordinary course of business. With the exception of the aforementioned, there have been no significant changes to the issuer's financial condition and operating results since 31 August 2017 to the date of the Prospectus.

7. SELECTED FINANCIAL INFORMATION

The Company prepared its consolidated financial statements as of and for the fiscal years ended 30 November 2016 *(fiscal year 2016)*, 30 November 2015 *(fiscal year 2015)* and 30 November 2014 *(fiscal year 2014)* in accordance with the International Financial Reporting Standards, as adopted by the EU (IFRS) and the additional requirements of German commercial law pursuant to Section 315a (I) of the German Commercial Code (*HGB*). The unaudited interim consolidated financial statements of the Company as of and for the nine months ended 31 August 2017 were prepared in accordance with IFRS on interim financial reporting (IAS 34). Deloitte has audited the consolidated financial statements of the Company as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, and in each case issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*).

The following selected financial information as of and for the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014 labeled as "audited" has been taken from the Company's above-mentioned audited consolidated financial statements, while the following selected financial information labeled as "unaudited" has been taken or derived from the Company's above-mentioned unaudited interim consolidated financial statements or is based on calculations of figures from the above-mentioned sources.

During the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, the Company's name was "Wilex AG" and was changed to "Heidelberg Pharma AG" by virtue of a resolution of the General Meeting on 20 July 2017 and its subsequent registration in the commercial register on 18 October 2017. The Company's wholly owned subsidiary was formerly named Heidelberg Pharma GmbH and renamed to Heidelberg Pharma Research GmbH on 1 August 2017). Furthermore the General Meeting on 20 July 2017 resolved upon the relocation of the statuatory seat of the Company from Munich to Ladenburg which became effective upon registration in the commercial register on 29 September 2017.

7.1. SELECTED FIGURES FROM THE CONSOLIDATED BALANCE SHEETS

	30 November			31 August
	2016	**2015**	**2014**	**2017**
		(audited) in EUR		**(unaudited) in EUR**
ASSETS				
Property, plant and equipment	1,266,847	985,053	1,052,891	1,289,767
Intangible assets	2,842,216	2,867,070	2,948,199	2,823,083
Goodwill	6,111,166	6,111,166	6,111,166	6,111,166
Financial Assets	0	0	1,777,083	0
Other non-current assets	31,350	69,980	230,277	51,278
Non-current assets	**10,251,579**	**10,033,268**	**12,119,616**	**10,275,294**
Inventories	190,238	279,168	189,710	177,437
Prepayments	41,888	22,451	74,334	25,214
Trade receivables	91,343	366,749	177,359	125,530
Other receivables	92,042	94,604	272,033	17,787
Cash and cash equivalents	4,574,382	1,305,697	2,196,808	4,490,755
Current assets	**4,989,894**	**2,068,669**	**2,910,244**	**4,836,722**
Total assets	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**
EQUITY AND LIABILITIES				
Subscribed capital	12,927,564	9,305,608	7,818,876	14,968,380
Capital reserve	191,076,991	188,033,840	185,364,837	194,107,396
Accumulated losses	-194,248,324	-187,859,290	-181,307,673	-201,867,435
Equity	**9,756,231**	**9,480,158**	**11,876,040**	**7,208,341**
Pension obligations	7,130	5,210	0	7,130

Other non-current liabilities	0	0	3,048	0
Non-current liabilities	**7,130**	**5,210**	**3,048**	**7,130**
Trade payables	132,063	279,205	276,618	660,748
Lease liabilities	0	0	77,482	0
Provisions	408,201	468,528	730,509	408,201
Other current liabilities	1,189,819	1,868,837	2,066,162	2,948,396
Financial liabilities	3,748,028	0	0	3,879,200
Current liabilities	**5,478,112**	**2,616,569**	**3,150,771**	**7,896,545**
Total equity and liabilities	**15,241,473**	**12,101,937**	**15,029,860**	**15,112,017**

7.2. SELECTED FIGURES FROM THE CONSOLIDATED INCOME STATEMENTS

	Fiscal year ended 30 November			Nine months ended 31 August	
	2016	**2015**	**2014**	**2017**	**2016**
		(audited) in EUR		**(unaudited) in EUR**	
Sales revenue	1,362,137	2,283,864	3,596,634	1,392,594	1,103,741
Other income	1,381,320	1,637,574	1,413,104	235,205	1,169,237
Income	**2,743,458**	**3,921,438**	**5,009,738**	**1,627,798**	**2,272,979**
Cost of sales	-809,061	-1,139,865	-1,354,564	-576,621	-541,582
Research and development costs	-6,119,032	-4,444,590	-5,571,952	-6,407,359	-4,281,764
Administrative costs	-1,954,236	-4,512,150	-3,176,893	-1,985,909	-1,387,814
Other expenses	- 222,159	-341,337	-482,765	-109,169	-173,780
Operating expenses	**-9,104,488**	**-10,437,941**	**-10,586,174**	**-9,079,059**	**-6,384,940**
Operating result	**-6,361,030**	**-6,516,503**	**-5,576,436**	**-7,451,261**	**-4,111,962**
Finance income	1,161	3,166	86,851	0	1,034
Finance costs	- 19,719	-545	-118,073	-167,850	-1,691
Financial result	**- 18,559**	2,621	**-31,222**	**-167,850**	**-657**
Earnings before tax	**-6,379,589**	**-6,513,881**	**-5,607,658**	**-7,619,111**	-4,112,619
Income Taxes	-9,445	-37,736	-93,191	0	-9,434
Net loss for the period	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Comprehensive income	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**

7.3. KEY FIGURES FROM THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended 30 November			Nine months ended 31 August	
	2016	2015	2014	2017	2016
		(audited) in EUR		(unaudited) in EUR	
Net loss for the year	**-6,389,034**	**-6,551,617**	**-5,700,849**	**-7,619,111**	**-4,122,053**
Adjustment for items in the statement of comprehensive income	**386,057**	**2,716,871**	**1,224,116**	**482,982**	**310,097***
Changes in balance sheet items	**-531,378**	**-962,388**	**-2,031,808**	**2,468,050**	**-348,272***
Cash flow from operating activities	**-6,534,355**	**-4,797,135**	**-6,508,542**	**-4,668,079**	**-4,160,228**
Net cash flow from operating activities	**-6,534,884**	**-4,796,042**	**-6,620,125**	**-4,704,757**	**-4,161,597**
Net cash flow from investing activities	**-537,869**	**-207,026**	**-195,797**	**-332,867**	**-450,166**
Net cash flow from financing activities	**10,334,970**	**4,101,907**	**-38,444**	**4,974,977**	**6,586,942**
Influence of foreign exchange effects on cash and cash equivalents	6,468	10,048	131,111	-20,979	-11,529
Net change in cash and cash equivalents	**3,268,685**	**-891,111**	**-6,723,256**	**-83,627**	**1,963,650**
Cash and cash equivalents at beginning of period	1,305,697	2,196,808	8,920,064	4,574,382	1,305,697
Cash and cash equivalents at end of period	4,574,382	1,305,697	2,196,808	4,490,755	3,269,347

* revised

8. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of Heidelberg Pharma Group's operations and financial condition based on the Company's audited consolidated financial statements as of and for the fiscal years ended 30 November 2016 ("fiscal year 2016"), 30 November 2015 ("fiscal year 2015") and 30 November 2014 ("fiscal year 2014"), the Company's audited unconsolidated annual financial statements as of and for the fiscal year ended 30 November 2016, the Company's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017 and the internal accounting system. Any financial information in this section labeled as "audited" has been taken from the Company's audited consolidated financial statements or the audited unconsolidated annual financial statements mentioned above. Any financial information in this section labeled as "unaudited" has not been taken from those audited consolidated financial statements or unconsolidated annual financial statements but was taken from the Issuer's unaudited interim consolidated financial statements as of and for the nine months ended 31 August 2017, from the Company's internal accounting system or is based on calculations of figures from the above-mentioned sources.

The aforementioned consolidated financial statements, interim consolidated financial statements and unconsolidated annual financial statements of the Company are reproduced in the Prospectus beginning on page F-1.

Investors should read this discussion in conjunction with the interim consolidated financial statements, the consolidated financial statements, the unconsolidated annual financial statements and the respective accompanying notes included in the Prospectus beginning on page F-1. For a discussion of risks and uncertainties facing us as a result of various factors, see "2.5 Forward–Looking Statements" and "1 Risk Factors."

It should be noted that amounts in the discussion below have been rounded.

During the fiscal years ended 30 November 2016, 30 November 2015 and 30 November 2014, the Company's name was "Wilex AG" and was changed to "Heidelberg Pharma AG" by virtue of a resolution of the General Meeting on 20 July 2017 and its subsequent registration in the commercial register on 18 October 2017. The Company's wholly owned subsidiary was formerly named Heidelberg Pharma GmbH and renamed to Heidelberg Pharma Research GmbH on 1 August 2017).

8.1. OVERVIEW

Heidelberg Pharma Group is active in the field of research and development of drugs against cancer. The Company is located in Ladenburg, Germany, close to Heidelberg and is focused on the development of a specific technology in the context of so called Antibody–Drug Conjugates (ADCs). The team of 55 employees has core expertise in chemistry, bio-analytics, biochemistry, biology, pharmacology as well as early pre-clinical and clinical drug development.

For many decades, cancer has been treated mainly by cytostatic chemical drugs, which lead to severe side effects due to unspecific toxicity on normal and non-cancerous cells. In the last 25 years, antibodies have gained great importance as supplementary and more specific treatments, which reduced some of the side effects. Antibodies can bind specifically to target structures on tumor cells and thus enhance the patient's immune response to cancer. However sometimes they lack efficacy.

Starting a few years ago a new class of compounds has been developed to combine the specificity of antibodies with the cell killing potential of cytostatic drugs to eradicate tumor cells from the body. To achieve this goal, tumor specific antibodies were coupled to toxic payloads, resulting in antibody-drug conjugates. They are supposed to act like a "Trojan Horse": The antibody should find the tumor cell and deliver the toxic payload

inside the tumor cell. ADCs currently on the market use toxins that act similarly to many cytostatic drugs. This limits their efficacy.[1]

Heidelberg Pharma develops the toxin alpha Amanitin and its chemical derivatives (together called Amanitin) for use in ADCs to fight cancer [2]. To the best of its knowledge this class of compounds is different from all those used in cancer therapy before. Amanitin is a member of the Amanitin group of natural poisons, which occur in the death cap mushroom (Amanita phalloides). It interferes with house-keeping mechanisms in the cells and causes so-called programmed cell death or apoptosis. The goal is to develop more effective and better-tolerated anti-tumor drugs based on this principle.

Amanitin themselves is liver toxic and unfeasible for cancer therapy [3]. Heidelberg Pharma adopted the ADC technology to couple Amanitin with various antibodies thus making it usable for cancer treatment – via so-called Antibody Targeted Amanitin Conjugate (ATAC) technology. Based on its data Heidelberg Pharma Research supposes that the potential clinical benefits for cancer patients embrace high efficacy not only on proliferating but also on dormant tumor cells, the ability to overcome resistance of tumors against standard-of-care cancer treatments and by thus improving the efficacy of cancer therapy and reducing the risk of recurrence and metastasis.

To increase its long-term value the Company is building a proprietary portfolio of ATAC development candidates. To achieve early income and broad application of its ATAC technology by industry partners the Company licenses the ATAC technology to pharma and biotechnology partners to enhance their antibodies.

Outside the field of ATAC technology the Company intends to exploit the clinical portfolio formerly developed by WILEX AG through partnering activities. The clinical projects REDECTANE® and MESUPRON® have already been licensed to partners that are supposed to continue and complete the development and will be obliged to pay royalties to the Company once and if they are registered and marketed. In addition, Heidelberg Pharma Group has a small preclinical service business performing pharmacology studies for internal purposes and for other research companies. It enables the ATAC team seamless access to in-vivo tumor models in house. In the Company's view, this avoids usual delays and loss of know-how which occurs to its experience when using external Contract Research Organizations (CROs).

Sales revenue will be generated through ATAC collaborations and early stage feasibility studies, upfront and milestone payments and funding for research activities supportive to license partners, milestone payments based on progress in the partnered portfolio and revenue from continued service activities.

Heidelberg Pharma AG is the new name for the former WILEX AG. This name change and the relocation of the statutatory seat of the Company from Munich to Ladenburg in September 2017 reflect the new strategy that is entirely focusing on ATAC technology developed by Heidelberg Pharma Research GmbH.

8.2. INCOME POSITION

8.2.1. Fiscal year ended 30 November 2015

8.2.1.1. Sales revenue and other income

In fiscal year 2015 Heidelberg Pharma Group posted sales revenue of EUR 2.3 m (2014: EUR 3.6 m), which was mainly attributable to Heidelberg Pharma Research GmbH (EUR 1.9 m). Of this figure, the service business accounts for EUR 1.0 m and the ADC technology for EUR 0.9 m. In the fiscal year 2014, Heidelberg Pharma Research GmbH generated sales revenue of EUR 1.7 m, of which EUR 1.0 m was from the ADC technology and EUR 0.7 m from the service business.

Moreover, a milestone payment was due to the parent company in 2015 from Link Health for the out-licensing of MESUPRON® (EUR 0.4 m). In the fiscal year 2014, the out-licensing arrangements regarding MESUPRON® had brought in EUR 1.2 m. Milestone payments from UCB Pharma S.A., Brussels, Belgium ("**UCB**") (EUR 0.7 m) completed sales revenue 2014.

[1] Nature Reviews, Drug Discovery May 2017, Vol 16; 315 ff., 317.
[2] J Natl Cancer Inst. 2012 Apr 18; 104 (8):622-34.
[3] Food Chem Toxcicol. 2015 Dec;86:41-55.

Income	2015 EUR m (audited)	2014 EUR m (audited)
Sales revenue	2.3	3.6
Other income	1.6	1.4
Income	**3.9**	**5.0**

At EUR 1.6 m in 2015, other income was up compared to 2014 (EUR 1.4 m). This item is mainly influenced by income from the reversal of accrued liabilities and provisions not utilised in the amount of EUR 0.9 m (2014: EUR 0.5 m). In 2015, these are comprised as follows:

- Vacant rental premises: EUR 356 k
- Employees' actions against wrongful dismissal: EUR 53 k
- Executive Management Board bonuses for 2012 and 2013: EUR 435 k
- Other: EUR 43 k

Heidelberg Pharma Research GmbH also received grants from the Federal Ministry of Education and Research (BMBF) supporting projects in the amount of EUR 0.3 m (2014: EUR 0.3 m). Furthermore, there was income from exchange rate differences totaling EUR 27 k (2014: EUR 29 k) as well as income from subletting and sales of fixed assets of EUR 0.3 m (2014: EUR 0.1 m). Other items amounted to EUR 0.1 m (2014: EUR 0.6 m) and largely stem from the allocation of costs.

Other income	2015 EUR k (audited)	2014 EUR k (audited)
Income from grants	328	274
Income from the reversal of liabilities and provisions not utilised to date / Other items	980	1,053
Income from subletting and sales of fixed assets	303	57
Income from exchange rate gains	27	29
Total	**1,638**	**1,413**

8.2.1.2. Operating expenses

Operating expenses including depreciation, amortisation and impairments fell to EUR 10.4 m in 2015 (2014: EUR 10.6 m). A more significant cost reduction was prevented by the write-off in full of a loan receivable (EUR 2.0 m) and the recognition of a risk provision set up in the event the Group is held liable under a rent guarantee (EUR 0.4 m), each in the context of the 2013 sale of US subsidiary WILEX Inc. to Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea).

Operating expenses	2015 EUR m (audited)	2014 EUR m (audited)
Cost of sales	1.1	1.3
Research and development costs	4.5	5.6

Administrative costs	4.5	3.2
Other expenses	0.3	0.5
Total	**10.4**	**10.6**

Cost of sales concerns costs directly related to revenues of the respective product candidates and services. At EUR 1.1 m, the costs of sales were 15% lower than in 2014 (EUR 1.3 m) and represent 11% of total operating expenses. These exclusively concerned expenses of Heidelberg Pharma Research GmbH for customer specific research.

Research and development (R&D) costs fell by 20% from EUR 5.6 m in 2014 to EUR 4.5 m due to the discontinuation of R&D activities at the Munich site. R&D costs account for 43% of total operating expenses in the fiscal year 2015.

Administrative costs were EUR 4.5 m, up 41% on the level of 2014 (EUR 3.2 m) and accounting for 43% of operating expenses. This item also includes consulting costs for the restructuring measures and costs for the Annual General Meeting and the stock market listing. Furthermore, the write-off in full of a receivable (EUR 2.0 m) from Nuclea as the result of prolonged payment difficulties and the recognition of a provision set up in the event the Group is held liable under a rent guarantee in respect of the lessor of the legal successor to the former WILEX Inc. (EUR 0.4 m) are included in 2015 administrative costs.

Other expenses for activities in the areas of business development, marketing and commercial market supply amounted to EUR 0.3 m (2014: EUR 0.5 m) – down 40% on the level of 2014 – and account for 3% of operating expenses.

8.2.1.3. EBIT

Heidelberg Pharma showed an operating result of EUR -6.5 m (2014: EUR -5.6 m) in the 2015 fiscal year, which is mainly attributable due to fewer sales revenue compared to 2014.

8.2.1.4. Financial result

The year-on-year improvement of the financial result is due to the fact that finance costs in the fiscal year 2014 still included interest expense for the shareholder loan granted by UCB. These no longer applied in fiscal year 2015 because of the waiver of the loan in 2014. The 2015 finance income decline is due to reduced liquidity, thus limited interest on credit balances and lower interest level rate in general.

	2015	**2014**
	EUR k (audited)	**EUR k (audited)**
Interest income from bank accounts/Other	3	87
Finance income	**3**	**87**
Interest expense from leasing and current liabilities to banks	0	(1)
Interest expense from shareholder loans and others	(1)	(117)
Finance costs	**(1)**	**(118)**
Financial result	**3**	**(31)**

8.2.1.5. Taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the fiscal year 2015, with the exception of EUR 38 k (2014: EUR 93 k) in foreign withholding tax. Neither expenses nor income from deferred taxes were included in tax expenses in 2014 and 2015.

8.2.1.6. Net result for the fiscal year 2015

The net loss for the year increased to EUR 6.6 m (2014: EUR 5.7 m) as a result of lower sales revenue and extraordinary accounting items (write-off in full of a loan receivable / risk provision rent guarantee).

8.2.2. Fiscal year ended 30 November 2016

8.2.2.1. Sales revenue and other income

In fiscal year 2016 Heidelberg Pharma Group posted sales revenue of EUR 1.3 m (2015: EUR 2.3 m), which was mainly attributable to Heidelberg Pharma Research GmbH (EUR 1.2 m). Of this figure, the ADC technology accounted for EUR 0.2 m and the service business for EUR 1.0 m. In 2015, Heidelberg Pharma Research GmbH reported sales revenue of EUR 1.9 m, of which EUR 0.9 m was from the ADC technology, especially from the Roche collaboration, which ended in August 2015, and EUR 1.0 m from the service business.Additionally, portions of a milestone payment were due to Heidelberg Pharma in 2016 from Link Health for the out-licensing of MESUPRON® (EUR 0.1 m). In the fiscal year 2015, this agreement had brought in sales revenue of EUR 0.4 m.

	2016	**2015**
Income	**EUR m (audited)**	**EUR m (audited)**
Sales revenue	1.3	2.3
Other income	1.4	1.6
Income	**2.7**	**3.9**

At EUR 1.4 m, other income was down compared to 2015 (EUR 1.6 m). 2016 income was primarily due to grants provided by the Federal Ministry of Education and Research (BMBF) that support Heidelberg Pharma Research GmbH projects in the amount of EUR 0.8 m (2015: EUR 0.3 m). Furthermore, income of EUR 0.4 m (2015: EUR 0.9 m) was generated from the reversal of unutilised accrued liabilities, most of which were subject to limitation. In addition to other items, income of EUR 0.2 m was recorded from recoveries on receivables written off from the loan agreement with Nuclea for the sale of the former subsidiary WILEX Inc.

	2016	**2015**
Other income	**EUR k (audited, unless otherwise indicated)**	**EUR k (audited)**
Income from grants	763	328
Income from the reversal of liabilities and provisions not utilised to date / Other items	436*	980
Nuclea income	162	0
Income from sublease and sales of fixed assets	12	303
Income from exchange rate gains	8	27
Total	**1,381**	**1,638**

* unaudited

8.2.2.2. Operating Expenses

Operating expenses, including depreciation, amortization and impairments, fell to EUR 9.1 m in 2016 (2015: EUR 10.4 m).

	2016	**2015**

Operating expenses	EUR m (audited)	EUR m (audited)
Cost of sales	0.8	1.1
Research and development costs	6.1	4.5
Administrative costs	2.0	4.5
Other expenses	0.2	0.3
Total	**9.1**	**10.4**

Cost of sales includes costs directly related to revenue from services provided. At EUR 0.8 m, the cost of sales in 2016 was lower than in 2015 (EUR 1.1 m), which was in line with the reduction in sales revenue and represents 9% of total operating expenses. These costs mainly related to Heidelberg Pharma Research GmbH expenses for customer-specific research.

Research and development (R&D) costs rose by 36% from EUR 4.5 m in 2015 to EUR 6.1 m due to the expansion of R&D activities at Heidelberg Pharma Research GmbH. R&D costs thus accounted for 67% of total operating expenses. The increase was mainly due to the establishment of the manufacturing process for the relevant antibodies, the Amanitin drug and various ATAC candidates at subcontractors in accordance with GMP (Good Manufacturing Practice) standards during the year, as well as further preclinical testing under GLP (Good Laboratory Practice) conditions. The reason for these activities is that the Company plans to prepare its first ATAC candidate, HDP-101, for clinical development.

Administrative costs were EUR 2.0 m, down 56% compared to 2015 (EUR 4.5 m) and accounted for 22% of total operating expenses. In addition to staff costs (EUR 1.1 m; 2015: EUR 1.1 m), this line item also included, legal consulting (EUR 0.2 m; 2015: EUR 0.2 m), rent and utilities (EUR 0.1 m; 2015: EUR 0.1 m), as well as expenses related to the Annual General Meeting, Supervisory Board remuneration and the stock market listing (combined: EUR 0.4 m; 2015: EUR 0.4 m).

Administrative costs in 2015 included the write-off in full of a receivable (EUR 1.6 m) from Nuclea, the legal successor to the former WILEX Inc., as the result of prolonged payment difficulties and the recognition of a provision set up in the event the Company is held liable under a rent guarantee in respect of Nuclea's lessor (EUR 0.4 m). Regardless of these two one-off costs, administrative cost savings of EUR 0.5 m were achieved in 2016, especially due to Heidelberg Pharma's significantly more favorable rental situation.

Other expenses for business development, marketing and commercial market supply activities amounted to EUR 0.2 m (2015: EUR 0.3 m) – down 33% compared to 2015 and accounted for 2% of operating expenses.

8.2.2.3. EBIT

Heidelberg Pharma showed an operating result of EUR -6.4 m (2015: EUR -6.5 m) in the 2016 fiscal year.

8.2.2.4. Financial result

The negative financial result as compared with the fiscal year 2015 is mainly attributable to the interest expense for the shareholder loan extended by dievini.

	2016 EUR k (audited)	2015 EUR k (audited)
Interest income from bank accounts/Other	1	3
Finance income	**1**	**3**
Interest expense from leasing and current liabilities to banks	(2)	0
Interest expense from shareholder loans and others	(18)	(1)
Finance costs	**(20)**	**(1)**
Financial result	**(19)**	**3**

8.2.2.5. Taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the fiscal year ended 30 November 2016, with the exception of EUR 9 k (2015: EUR 38 k) in foreign withholding tax. Neither expenses nor income from deferred taxes were included in tax expenses in 2015 and 2016.

8.2.2.6. Net result for the fiscal year 2016

Net loss for the year was EUR 6.4 m (2015: EUR 6.6 m).

8.2.3. Unconsolidated HGB annual financial statements as of and for the fiscal year ended 30 November 2016

8.2.3.1. Sales revenue and other income

In fiscal year 2016, sales revenue of EUR 94 k originated from a milestone payment made by Link Health as part of the out-licensing of MESUPRON®.

Other operating income of EUR 579 k included income relating to other periods from the reversal of bonus provisions for Executive Management Board bonuses for 2014 and 2015 that were not paid out (EUR 41 k). An income of EUR 348 k related to other periods was generated from the reversal of additional expense provisions, most of which were subject to limitation. In addition, income of EUR 162 k from the loan agreement with Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea) was recorded; this resulted from the sale of former subsidiary WILEX Inc. Other items contributed EUR 28 k to income.

8.2.3.2. Personnel expenses

Personnel expenses for the fiscal year 2016 fell compared to fiscal year 2015, totaling EUR 740 k. This figure is composed of salaries (EUR 685 k) and social security contributions (EUR 55 k). It also included pension expenses totaling EUR 2 k.

8.2.3.3. Depreciation and amortisation of intangible fixed assets and tangible assets

Depreciation and amortisation of intangible fixed assets and tangible assets amounting to EUR 14 k comprised amortisation of intangible fixed assets (EUR 0.3 k) and depreciation of tangible assets (EUR 14 k).

8.2.3.4. Other operating expenses

Other operating expenses of EUR 1,099 k primarily include legal and consulting fees (EUR 292 k), expenses relating to the stock market listing in a broader sense (EUR 288 k) and other operating costs (EUR 90 k).

Additional costs incurred include costs of preparing and auditing the annual financial statements (EUR 82 k), travel costs (EUR 26 k), Supervisory Board remuneration (EUR 197 k), insurance premiums and contributions (EUR 19 k) and premises expenses (EUR 54 k) as well as laboratory and chemical supplies (EUR 24 k) and preclinical research (EUR 27 k).

Furthermore, costs of completing clinical trials (EUR 3 k) and producing antibodies and small molecules (EUR 50 k) were also incurred during the past year, while EUR 408 k was also recognised for the risk arising from the potential utilization of a lease guarantee to the lessor of the legal successor to former subsidiary WILEX Inc.

Expenses resulting from foreign currency valuation amounted to EUR 6 k and are integrated in the tangible assets.

The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting costs related to business development, costs related to industrial property rights and patents and costs related to the termination of research and development activities.

8.2.3.5. EBIT

All of the aforementioned items gave rise to an operating result of EUR -1,180 k.

8.2.3.6. Interest result

Interest and similar income of EUR 743 k resulted from interest income from the loan to affiliated company Heidelberg Pharma Research GmbH (EUR 742 k) and interest on cash and cash equivalents during the entire fiscal year (EUR 1 k).

Interest and similar expenses of EUR 18 k were incurred due to the shareholder loan granted by affiliated company dievini. As a result, net interest income totaled EUR 725 k.

8.2.3.7. Taxes

Income taxes (EUR 10 k) were incurred as foreign withholding tax on sales revenue generated during the year.

8.2.3.8. Net result for the fiscal year 2016

All of the aforementioned items resulted in a net loss for the past fiscal year of EUR 465 k.

8.2.4. Nine Months ended 31 August 2017

8.2.4.1. Sales revenue and other income

In the first nine months of the fiscal year 2017, Heidelberg Pharma posted sales revenue and other income totaling EUR 1.6 m for the Group, a decrease of 29% compared to the first nine months of the previous fiscal year 2016 (nine months ended 31 August 2016: EUR 2.3 m).

The 2017 figure includes sales revenue of EUR 1.4 m, primarily from customer-specific research conducted by Heidelberg Pharma Research GmbH and initial payments made by Telix and Takeda. The 2016 figure includes sales revenue of EUR 1.1 m, which is largely made up of the customer-specific research business of Heidelberg Pharma Research GmbH (EUR 1.0 m). In addition, a total of EUR 0.1 m was generated from the license agreement with Link Health.

	Nine months ended 31 August 2017	**Nine months ended 31 August 2016**
Income	**EUR m (unaudited)**	**EUR m (unaudited)**
Sales revenue	1.4	1.1
Other income	0.2	1.2
Income	**1.6**	**2.3**

In the nine months ended 31 August 2017 other income (EUR 0.2 m) was significantly down compared to the same period in fiscal year 2016 (nine months ended 31 August 2016: EUR 1.2 m). The 2017 figure includes income from a grant from the Federal Ministry of Education and Research (BMBF) for research projects (EUR 0.1 m) and the reversal of unutilised accrued liabilities, most of which were subject to limitation (EUR 0.1 m). The prior-year figures for these two items were EUR 0.6 m and EUR 0.4 m, respectively. In addition, in nine months ended 31 August 2016 other income of EUR 0.2 m was recorded from the 2013 sale of former subsidiary WILEX Inc. to Nuclea Biotechnologies Inc.

8.2.4.2. Operating Expenses

Operating expenses, including depreciation, amortization and impairments, rise to EUR 9.1 m in the first nine months 2017 (nine months ended 31 August 2016: EUR 6.4 m).

	Nine months ended 31 August 2017	**Nine months ended 31 August 2016**
Operating expenses	**EUR m (unaudited)**	**EUR m (unaudited)**
Cost of sales	0.6	0.5
Research and development costs	6.4	4.3

Administrative costs	2.0	1.4
Other expenses	0.1	0.2
Total	**9.1**	**6.4**

Cost of sales includes costs directly related to revenue from services provided. At EUR 0.6 m, the cost of sales in the first nine months of fiscal year 2017 was higher than in the same period of fiscal year 2016 (nine months ended 31 August 2016: EUR 0.5 m), which was in line with the increase in sales revenue and represents 6% of total operating expenses. These costs mainly related to Heidelberg Pharma Research GmbH expenses for customer-specific research.

Research and development (R&D) costs rose year-over-year by 49% from EUR 4.3 m in the first nine months of fiscal year 2016 to EUR 6.4 m in the same period of 2017 due to the expansion of R&D activities at Heidelberg Pharma Research GmbH. R&D costs thus accounted for 71% of total operating expenses. The increase was mainly due to the advancement of the company's proprietary platform technology and the ongoing CMC (chemistry, manufacturing and controls) development of HDP-101.

Administrative costs of EUR 2.0 m, which included the costs for the holding activities and the stock exchange listing, increased year-over-year by EUR 0.6 m (nine months ended 31 August 2016: EUR 1.4 m) as a result of financing activities, increased investor relations activities and license negotiations. Administrative costs accounted for 22% of total operating expenses.

Other expenses for business development, marketing and commercial market supply activities amounted to EUR 0.1 m (nine months ended 31 August 2016: EUR 0.2 m) and accounted for 1% of operating expenses.

8.2.4.3. EBIT

Heidelberg Pharma showed an operating result for the first nine months of the fiscal year 2017 of EUR -7.5 m (nine months ended 31 August 2016: EUR -4.1 m). This decrease is mainly attributable to lower sales revenue and increased research an development costs and administrative costs in the first nine months of fiscal year 2017 compared to the same period of fiscal year 2016.

*8.2.4.4. Financia*l *result*

The negative financial result 2017 compared with the first nine months of the fiscal year 2016 is mainly attributable to the interest expense for the shareholder loan extended by dievini, which were signed in October 2016.

	Nine months ended 31 August 2017	**Nine months ended 31 August 2016**
	EUR m (unaudited)	**EUR m (unaudited)**
Interest income from bank accounts/Other	-	1
Finance income	**-**	**1**
Interest expense from leasing and current liabilities to banks	-	(2)
Interest expense from shareholder loans and others	(168)	-
Finance costs	**(168)**	**(2)**
Financial result	**(168)**	**1**

8.2.4.5. Taxes

Due to operating losses in the nine months reporting periods, no significant income tax was payable, with the exception of EUR 9 k in foreign withholding tax 2016.

8.2.4.6. Net result for the first nine months in the fiscal year 2017

Net loss for the first nine months in the fiscal year 2017 ended 31 August was EUR 7.6 m (nine months ended 31 August 2016: EUR 4.1 m).

8.3. FINANCIAL POSITION

8.3.1. Fiscal year ended 30 November 2015

The Group had cash and cash equivalents of EUR 1.3 m at the close of the fiscal year (30 November 2014: EUR 2.2 m).

	2015	2014
Cash flow	**EUR m (audited)**	**EUR m (audited)**
Cash and cash equivalents at beginning of the reporting period	2.2	8.9
Net cash flow from operating activities	(4.8)	(6.6)
Net cash flow from investing activities	(0.2)	(0.2)
Net cash flow from financing activities	4.1	(0.04)
Exchange rate effects	0.01	0.1
Cash and cash equivalents at end of the reporting period	**1.3**	**2.2**

8.3.1.1. Net cash used by operating activities

The net cash outflow from operating activities during the fiscal year 2015 was EUR 4.8 m (2014: EUR 6.6 m). The significant year-on-year improvement is attributable to the restructuring program, which has been completed during 2015, and the associated savings.

8.3.1.2. Net cash used in investing activities

The net cash outflow from investing activities was EUR 0.2 m, as in 2014, and is attributable to the acquisition of property, plant and equipment.

8.3.1.3. Net cash from financing activities

The net change in cash from financing activities was the result of EUR 4.1 m from the rights issue in April 2015. In 2014, this item amounted to EUR -38 k for the repayment of finance lease agreements.

8.3.1.4. Exchange rate effect / other

Furthermore, there was a positive exchange rate effect in the fiscal year 2015 of EUR 10 k (2014: EUR 131 k).

8.3.1.5. Change in cash and cash equivalents

The net change in cash and cash equivalents in the 2015 fiscal year was an outflow in the amount of EUR 0.9 m (2014: EUR 6.7 m). This corresponds to an average outflow of cash of EUR 0.1 m per month (2014: EUR 0.6 m per month). Adjusted for the effect from the capital increase during the fiscal year, the average cash outflow in 2015 was EUR 0.4 m per month (2014: EUR 0.6 m per month), due to savings in the context of the restructuring program.

8.3.2. Fiscal year ended 30 November 2016

The Group had cash and cash equivalents of EUR 4.6 m at the close of the fiscal year 2016 (30 November 2015: EUR 1.3 m).

	2016	2015
Cash flow	**EUR m (audited)**	**EUR m (audited)**
Cash and cash equivalents at beginning of the reporting period	1.3	2.2
Net cash flow from operating activities	(6.5)	(4.8)

Net cash flow from investing activities	(0.5)	(0.2)
Net cash flow from financing activities	10.3	4.1
Exchange rate effect	0.01	0.01
Cash and cash equivalents at end of the reporting period	**4.6**	**1.3**

8.3.2.1. Net cash used in operating activities

Net cash outflow from operating activities during the reporting period was EUR 6.5 m (2015: EUR 4.8 m). The year-on-year increase is attributable to the higher disbursement-related operating expenses (mainly R&D) despite a similar net loss. In 2015, earnings were reduced by a EUR 2.0 m non-disbursement-related charge for the write-off of a receivable that did not affect net cash flow.

8.3.2.2. Net cash used in investing activities

The net cash outflow from investing activities was EUR 0.5 m (2015: EUR 0.2 m) and was mainly attributable to the acquisition of property, plant and equipment, specifically laboratory equipment, by Heidelberg Pharma Research GmbH.

8.3.2.3. Net cash from financing activities

The net change in cash flow from financing activities was mainly attributable to cash inflows of EUR 10.3 m from the three capital increases completed during the fiscal year 2016 and from a payment received from the dievini shareholder loan. Cash inflows of EUR 4.1 m from a rights issue were recorded in the fiscal year 2015.

8.3.2.4. Exchange rate effect / other

Furthermore, there was a positive exchange rate effect in the fiscal year 2016 of EUR 6 k (2015: EUR 10 k).

8.3.2.5. Change in cash and cash equivalents

The total net change in cash and cash equivalents in the 2016 fiscal year was positive at EUR 3.3 m (2015: EUR -0.9 m). This corresponds to an average net change of EUR 0.3 m per month (2015: EUR -0.1 m per month). Excluding the effect of capital increases and the dievini shareholder loan, i.e., the financing component, the average monthly outflow in 2016 increased to EUR 0.6 m compared to EUR 0.4 m in 2015 and was mainly R&D driven.

8.3.3. Nine Months ended 31 August 2017

The Group had cash and cash equivalents of EUR 4.5 m at 31 August 2017 (30 November 2016: EUR 4.6 m; 31 August 2016: EUR 3.3 m).

	Nine months ended 31 August 2017	**Nine months ended 31 August 2016**
Cash flow	**EUR m (unaudited)**	**EUR m (unaudited)**
Cash and cash equivalents at beginning of the reporting period	4.6	1.3
Net cash flow from operating activities	(4.7)	(4.2)
Net cash flow from investing activities	(0.3)	(0.5)
Net cash flow from financing activities	5.0	6.6
Exchange rate effect / Other	(0.02)	(0.01)
Cash and cash equivalents at end of the reporting period	**4.5**	**3.3**

8.3.3.1. Net cash used in operating activities

The net cash outflow from operating activities during the first nine months of the fiscal year 2017 was EUR 4.7 m (nine months ended 31 August 2016: EUR 4.2 m). The increase is attributable to the higher operating expenses in 2017, mainly R&D costs and administrative expenses.

8.3.3.2. Net cash used in investing activities

The net cash outflow from investing activities was EUR 0.3 m (nine months ended 31 August 2016: EUR 0.5 m) and occur due to the acquisition of property, plant and equipment, specifically laboratory equipment, by Heidelberg Pharma Research GmbH.

8.3.3.3. Net cash from financing activities

The net cash inflow from financing activities in the first nine months of fiscal year 2017 stems from a cash inflow of EUR 5.0 m related to a capital increase in May 2017. Cash inflows of EUR 6.6 m related to three rights issues were completed during the first nine months of the fiscal year 2016.

8.3.3.4. Exchange rate effect / other

Furthermore and beside minor other effects, there was a negative exchange rate effect EURO/USD in the first nine months ended 31 August 2017 of EUR 21 k (nine months ended 31 August 2016: EUR -12 k).

8.3.3.5. Change in cash and cash equivalents

The total net change in cash and cash equivalents in the first nine months of the fiscal year 2017 ended 31 August was slightly negative at EUR 0.1 m (nine months ended 31 August 2016: EUR 2.0 m). This corresponds to an average net change of EUR -9 k per month in the first nine months of fiscal year 2017 (nine months ended 31 August 2016: EUR 218 k per month). Excluding the effect of capital increases, i.e., the financing component, the average monthly outflow in the first nine months of fiscal year 2017 increased to EUR 0.6 m compared to EUR 0.5 m in the same period of fiscal year 2016.

8.4. ASSET POSITION

8.4.1. Fiscal year ended 30 November 2015

Balance sheet – Assets	**30 Nov. 2015**	**30 Nov. 2014**
	EUR k (audited)	**EUR k (audited)**
Property, plant and equipment	985	1,053
Intangible assets	2,867	2,948
Goodwill	6,111	6,111
Financial assets	0	1,777
Other non-current assets	70	231
Non-current assets	**10,033**	**12,120**
Inventories	279	190
Prepayments	22	74
Trade receivables	367	177
Other receivables	95	272
Cash and cash equivalents	1,306	2,197
Current assets	**2,069**	**2,910**
Total Assets	**12,102**	**15,030**

Balance sheet - Equity and liabilities	**30 Nov. 2015**	**30 Nov. 2014**
	EUR k (audited)	**EUR k (audited)**
Subscribed capital	9,305	7,819
Capital reserve	188,034	185,365
Accumulated losses	(187,859)	(181,308)
Equity	**9,480**	**11,876**
Pension obligations	5	0

Other non-current liabilities	0	3
Non-current liabilities	**5**	**3**
Trade payables	279	277
Lease liabilities	0	77
Provisions	469	731
Other current liabilities	1,869	2,066
Current liabilities	**2,617**	**3,151**
Total Equity and liabilities	**12,102**	**15,030**

8.4.1.1. Assets

Non-current assets fell to EUR 10.0 m as of 30 November 2015 (30 November 2014: EUR 12.1 m). They mainly comprise Heidelberg Pharma Research GmbH's goodwill (EUR 6.1 m) as well as the recognition of the intangible assets not yet available for use "In Process Research & Development" (IP R&D) (EUR 2.5 m) identified in connection with the purchase price allocation.

Financial assets amounted to EUR 0 as of 30 November 2015 (30 November 2014: EUR 1.8 m). The loan receivable from Nuclea (30 November 2014: EUR 1.8 m) was written off in full as the result of prolonged payment delays in the fiscal year 2015.

As of 30 November 2015 property, plant and equipment stood at EUR 1.0 m (30 November 2014: EUR 1.1 m) and intangible assets excluding goodwill and capitalised, not yet ready for use IP R&D, amounted to EUR 0.4 m (30 November 2014: EUR 0.5 m).

The other non-current assets of EUR 0.1 m were below the figure of 2014 (EUR 0.2 m) due to the discontinuation of a rent security.

Development expenses for Heidelberg Pharma Group's product and development candidates are not capitalised because they are not deemed as fully meeting the requirements of IAS 38 for capitalization. They are expensed in full as current research and development costs.

As of 30 November 2015, current assets fell to EUR 2.1 m (30 November 2014: EUR 2.9 m). The cash and cash equivalents included in this item amounted to EUR 1.3 m and were down on the figure of 30 November 2014 of EUR 2.2 m on account of the cash used in operating activities, despite the capital increase carried out during the fiscal year 2015.

Other current assets increased to EUR 0.8 m (30 November 2014: EUR 0.7 m).

Inventories and prepayments made at EUR 0.3 m hovered around the figure of 30 November 2014. At a total of EUR 0.5 m the trade receivables and other receivables also remained at nearly the same level as 30 November 2014 (EUR 0.4 m).

At the end of the fiscal year 2015, total assets amounted to EUR 12.1 m, down EUR 2.9 m from the figure of 2014 of EUR 15.0 m, which had been given a boost by a higher net cash figure.

8.4.1.2. Liabilities and shareholders' equity

Following the rights issue successfully completed in April 2015 and entry of this capital measure in the Commercial Register, the total number of Heidelberg Pharma shares issued as of 30 November 2015 increased from 7,818,876 by 1,486,732 to 9,305,608. Thus, the subscribed capital increased from EUR 7.8 m as of 30 November 2014 to EUR 9.3 m as of 30 November 2015.

The equity of Heidelberg Pharma at the end of the fiscal year 2015 was EUR 9.5 m (30 November 2014: EUR 11.9 m). The capital reserve incremented to EUR 188.0 m (30 November 2014: EUR 185.4 m) due to the capital increase and the losses accumulated since Heidelberg Pharma's foundation totaled EUR 187.9 m (30 November 2014: EUR 181.3 m). The equity ratio was 78.3% (30 November 2014: 79.0%).

Non-current liabilities of EUR 5 k were reported for a pension liability (2014: EUR 0). As of the 30 November 2014 balance sheet date this figure had amounted to EUR 3 k for an anniversary liability.

Current liabilities decreased to EUR 2.6 m at the close of the fiscal year 2015 (30 November 2014: EUR 3.2 m). This figure includes EUR 0.3 m in trade payables (nearly unchanged from 2014) in addition to the provisions (30 November 2015: EUR 0.5 m; 30 November 2014: EUR 0.7 m) and other current liabilities (30 November 2015; EUR 1.9 m; 30 November 2014: EUR 2.0 m).

There were no longer any lease liabilities as of 30 November 2015 (30 November 2014: EUR 0.1 m).

8.4.2. Fiscal year ended 30 November 2016

Balance sheet – Assets	**30 Nov. 2016**	**30 Nov. 2015**
	EUR k	**EUR k**
	(audited)	**(audited)**
Property, plant and equipment	1,267	985
Intangible assets	2,842	2,867
Goodwill	6,111	6,111
Other non-current assets	31	70
Non-current assets	**10,252**	**10,033**
Inventories	190	279
Prepayments	42	22
Trade receivables	91	367
Other receivables	92	95
Cash and cash equivalents	4,575	1,306
Current assets	**4,990**	**2,069**
Total Assets	**15,241**	**12,102**

Balance sheet - Equity and liabilities	**30 Nov. 2016**	**30 Nov. 2015**
	EUR k	**EUR k**
Subscribed capital	12,928	9,305
Capital reserve	191,077	188,034
Accumulated losses	(194,248)	(187,859)
Equity	**9,756**	**9,480**
Pension obligations	7	5
Non-current liabilities	**7**	**5**
Trade payables	132	279
Provisions	408	469
Other current liabilities	1,190	1,869
Financial liabilities	3,748	0
Current liabilities	**5,478**	**2,617**
Total Equity and liabilities	**15,241**	**12,102**

8.4.2.1. Assets

Non-current assets rose to EUR 10.2 m as of 30 November 2016 (30 November 2015: EUR 10.0 m). They mainly included Heidelberg Pharma Research GmbH's goodwill (EUR 6.1 m) as well as the recognition of the not yet ready for use intangible assets "In Process Research & Development" (IP R&D) (EUR 2.5 m) identified in connection with the purchase price allocation.

As of 30 November 2016, property, plant and equipment rose to EUR 1.3 m (30 November 2015: EUR 1.0 m) due to purchasing of laboratory material. Intangible assets excluding goodwill and capitalised, not yet ready for use IP R&D, amounted to EUR 0.3 m (30 November 2015: EUR 0.4 m).

Other non-current assets of EUR 31 k decreased in fiscal year 2016 compared to 30 November 2015 (EUR 70 k).

Current development expenses for Heidelberg Pharma Group's product and development candidates were not capitalised because they were not deemed to fully meet the requirements of IAS 38 for capitalization. They were expensed in full as current research and development costs.

Current assets increased to EUR 5.0 m (30 November 2015: EUR 2.1 m). Cash and cash equivalents included in this item amounted to EUR 4.6 m and were up on the figure of 30 November 2015 of EUR 1.3 m due to the completed capital increases and the inflow from the shareholder loan from dievini.

Other current assets (total current assets less cash and cash equivalents) decreased in fiscal year 2016 to EUR 0.4 m (30 November 2015: EUR 0.8 m) mainly because of fewer trade receivables.

Inventories and prepayments made were EUR 0.2 m as of 30 November 2016, slightly lower than 30 November 2015 (EUR 0.3 m). At EUR 0.2 m, aggregated trade receivables and other receivables were also lower than 30 November 2015 (EUR 0.5 m).

At the end of the fiscal year 2016, total assets amounted to EUR 15.2 m, up EUR 3.1 m from 30 November 2015 (EUR 12.1 m), due to higher cash and cash equivalents.

8.4.2.2. Shareholders' equity and liabilities

As a result of the three capital increases completed during the fiscal year 2016 and entry of these corporate actions in the Commercial Register, the total number of Heidelberg Pharma's shares issued as of 30 November 2016 increased from 9,305,608 by 3,621,956 to 12,927,564. Thus, the subscribed capital increased from EUR 9.3 m as of 30 November 2015 to EUR 12.9 m as of 30 November 2016.

Equity of the Group at the end of the fiscal year 2016 was EUR 9.8 m (30 November 2015: EUR 9.5 m). The capital reserve incremented to EUR 191.1 m (30 November 2015: EUR 188.0 m) due to the capital increases and losses accumulated since Heidelberg Pharma's founding totaled EUR 194.2 m (30 November 2015: EUR 187.9 m). The equity ratio was 64.0% (30 November 2015: 78.3%).

Non-current liabilities of EUR 7 k were reported at 30 November 2016 for a pension liability (30 November 2015: EUR 5 k).

Current liabilities rose 2016 to EUR 5.5 m at the close of the reporting period 2016 (30 November 2015: EUR 2.6 m) mainly as a result of the new loan liability.

In addition to provisions for the potential utilization of a rent guarantee (30 November 2016: EUR 0.4 m; 30 November 2015: EUR 0.4 m) and other current liabilities (30 November 2016: EUR 1.2 m; 30 November 2015: EUR 1.9 m), current liabilities also includes trade payables of EUR 0.1 m, which were down compared to 30 November 2015 (EUR 0.3 m). In addition, 2016 the Group reported financial liabilities of EUR 3.7 m for the first time in connection with the new shareholder loan.

Heidelberg Pharma recognised other accruals within other current liabilities for goods and services (30 November 2016: EUR 0.6 m; 30 November 2015: EUR 0.9 m) as well as for employee bonuses (30 November 2016: EUR 0.1 m; 30 November 2015: EUR 0.4 m) and for the auditing of the financial statements (30 November 2016: EUR 0.1 m; 30 November 2015: EUR 0.1 m).

8.4.3. Nine Months ended 31 August 2017

Balance sheet – Assets	**30 Aug. 2017**	**30 Nov. 2016**
	EUR k	**EUR k**
	(unaudited)	**(audited)**
Property, plant and equipment	1,290	1,267
Intangible assets	2,823	2,842
Goodwill	6,111	6,111
Other non-current assets	51	31
Non-current assets	**10,275**	**10,252**
Inventories	177	190
Prepayments	25	42
Trade receivables	126	91
Other receivables	18	92
Cash and cash equivalents	4,491	4,575
Current assets	**4,837**	**4,990**
Total Assets	**15,112**	**15,241**

Balance sheet - Equity and liabilities	**30 Aug. 2017**	**30 Nov. 2016**
	EUR k	**EUR k**
	(unaudited)	**(audited)**
Subscribed capital	14,968	12,928
Capital reserve	194,107	191,077
Accumulated losses	(201,867)	(194,248)
Equity	**7,208**	**9,756**
Pension obligations	7	7
Non-current liabilities	**7**	**7**
Trade payables	661	132
Provisions	408	408
Other current liabilities	2,948	1,190
Financial liabilities	3,879	3,748
Current liabilities	**7,897**	**5,478**
Total Equity and liabilities	**15,112**	**15,241**

8.4.3.1. Assets

Non-current assets remained stable at EUR 10.3 m as of 31 August 2017 (30 November 2016: EUR 10.3 m). They mainly included Heidelberg Pharma Research GmbH's goodwill (EUR 6.1 m) as well as the recognition of the not yet ready for use intangible assets "In Process Research & Development" (IP R&D) (EUR 2.5 m) identified in connection with the purchase price allocation. As of 31 August 2017 property, plant and equipment of EUR 1.3 m were unchanged compared to 30 November 2016. Intangible assets excluding goodwill and capitalised, not yet ready for use IP R&D, as well remained at EUR 0.3 m. Other non-current assets of EUR 51 k rose in the first nine months of the fiscal year 2017 compared to 30 November 2016 (EUR 31 k).

Current development expenses for Heidelberg Pharma Group's product and development candidates were not capitalised because they were not deemed to fully meet the requirements of IAS 38 for capitalization. They were expensed in full as current research and development costs.

Current assets decreased to EUR 4.8 m (30 November 2016: EUR 5.0 m). Cash and cash equivalents included in this item amounted to EUR 4.5 m and were slightly down on the figure of 30 November 2016 of EUR 4.6 m. Other current assets (total current assets less cash and cash equivalents) decreased in the first nine months of the fiscal year 2017 to EUR 0.3 m (30 November 2016: EUR 0.4 m) mainly because of fewer other receivables. Inventories and prepayments made were EUR 0.2 m as of 31 August 2017, thus on the same level as of 30 November 2016. At of 31 August 2017, aggregated trade receivables and other receivables in the amount of EUR 0.1 m were lower than the comparable value as of 30 November 2016 (EUR 0.2 m).

At the end of the first nine months in the fiscal year 2017, total assets amounted to EUR 15.1 m, down EUR 0.1 m from 30 November 2016 (EUR 15.2 m), mainly due to lower cash and cash equivalents.

8.4.3.2. Shareholders' equity and liabilities

As a result of the capital increase completed in May 2017, the total number of Heidelberg Pharma's shares issued as of 31 August 2017 increased from 12,927,564 by 2,040,816 to 14,968,380. Thus, the subscribed capital increased from EUR 12.9 m as of 30 November 2016 to EUR 15.0 m as of 31 August 2017.

Equity of the Group at 31 August 2017 was EUR 7.2 m (30 November 2016: EUR 9.8 m). The capital reserve incremented to EUR 194.1 m (30 November 2016: EUR 191.1 m) due to the capital increase and losses accumulated since Heidelberg Pharma's founding totaled EUR 201.9 m (30 November 2016: EUR 194.2 m). The equity ratio was 47.7% (30 November 2016: 64.0%).

Unchanged non-current liabilities of EUR 7 k were reported at 31 August 2017 for a pension liability (30 November 2016: EUR 7 k).

Current liabilities rose to EUR 7.9 m at the end of the reporting period at 31 August 2017 (30 November 2016: EUR 5.5 m) mainly as a result of extra accruals.

In addition to unchanged provisions for the potential utilization of a rent guarantee (31 August 2017: EUR 0.4 m; 30 November 2016: EUR 0.4 m), financial liabilities in connection with the shareholder loan granted by dievini rose slightly due to the corresponding interests (31 August 2017: EUR 3.9 m; 30 November 2016: EUR 3.7 m). Trade payables (31 August 2017: EUR 0.7 m; 30 November 2016: EUR 0.1 m) and other current liabilities (31 August 2017: EUR 2.9 m; 30 November 2016: EUR 1.2 m) however rose significantly as a result of the advancement of the company's proprietary platform technology and the ongoing CMC development of HDP-101.

8.4.4. Unconsolidated HGB annual financial statements as of and for the fiscal year ended 30 November 2016

8.4.4.1. Assets

In fiscal year 2016 no intangible fixed assets were reported. In the fiscal year 2015, these consisted entirely of purchased software (EUR 0.3 k).

Tangible assets (2016: EUR 12 k; 2015: EUR 27 k) consisted entirely of other operating and office equipment.

Within financial assets, the equity investment in Heidelberg Pharma Research was classified as an investment in an affiliated company and remained unchanged from the 2015 at EUR 13,262 k.

There were no trade receivables to report as of 30 November 2016. The trade receivables reported in 2015 (EUR 8 k) included receivables from a previous subletter and receivables from a collaboration partner. All of last year's trade receivables were due within less than one year.

Receivables from affiliates include loan and interest receivables from Heidelberg Pharma Research. This subsidiary was granted an interest-bearing, unsecured and perpetual loan (current account or credit line) by its parent company Heidelberg Pharma in order to secure financing. Due to the potential for repayment in the short term, these receivables from affiliates are classified as short-term with a residual term of up to one year, as in

2015. As of 30 November 2016, receivables from affiliates totaled EUR 17,605 k (including interest), compared to EUR 11,313 k (also including interest) at the end of fiscal year 2015.

Other assets of EUR 55 k (2015: EUR 58 k) comprised trade tax receivables of EUR 49 k (2015: EUR 52 k), corporation tax refund claims of EUR 1 k (2015: EUR 1 k) and security deposits of EUR 5 k (2015: EUR 5 k). With the exception of the security deposits, the components of this balance sheet item have a residual term of up to one year, as at the end of the fiscal year 2015. Also as 2015, the deposit provided has a term of one to five years.

As of 30 November 2016, cash and bank balances increased to EUR 4,138 k (30 November 2015: EUR 1,071 k) due to inflows from capital increases.

Prepaid expenses (30 November 2016: EUR 42 k; 30 November 2015: EUR 22 k) relate to advance payments to service providers (30 November 2016: EUR 32 k; 30 November 2015: EUR 11 k) and insurance premiums (30 November 2016: EUR 10 k; 30 November 2015: EUR 11 k).

8.4.4.2. Liabilities and shareholders' equity

As of 30 November 2016 and after the capital increases implemented during the year, the share capital consisted of 12,927,564 no par value bearer shares with a notional value of EUR 1.00 per share (30 November 2015: 9,305,608 no par value shares). As of the reporting date of 30 November 2016, the capital reserves amounted to EUR 200,494 k (30 November 2015: EUR 197,467 k). The losses accumulated since the start of Heidelberg Pharma AG's business activities in 1997 totaled EUR 183,173 k as of the end of the fiscal year 2016, of which EUR 182,708 k was carried forward to a new account from the fiscal year 2015 and EUR 465 k was included in the net loss for the fiscal year 2016.

Pension provisions exist as a result of the defined benefit obligation exceeding the value of the cover assets in the form of a reinsurance policy. As a result, a net liability of EUR 7 k (30 November 2015: EUR 5 k) was reported under pension provisions.

Other provisions (30 November 2016: EUR 977 k; 30 November 2015: EUR 1,552 k) were recognised for outstanding invoices (2016: EUR 258 k; 2015: EUR 402 k), the Executive Management Board and employee bonus program (2016: EUR 106k; 2015: EUR 260 k), vacation entitlements (2016: EUR 35 k; 2015: EUR 27 k), legal and consulting costs including patent costs (2016: EUR 34 k; 2015: EUR 222 k), internal annual financial statement costs (2016: EUR 50 k; 2015: EUR 57 k) and annual financial statement audit costs (2016: EUR 82 k; 2015: EUR 89 k). Archiving costs amounted to EUR 4 k (2015: EUR 11 k) and other items totaled EUR 0 k (2015: EUR 76 k). In fiscal year 2016, a provision of EUR 408 k set up in 2015 continued to be recognised for the risk arising from the potential utilization of a lease guarantee to the lessor of the legal successor to former subsidiary WILEX Inc.

Trade payables (30 November 2016: EUR 116 k; 30 November 2015: EUR 94 k) consist of compensation for services. As in the fiscal year 2015, all liabilities have a residual term of up to one year.

The shareholder loan granted by Heidelberg Pharma via its main shareholder dievini as part of the loan agreement of 11 October 2016, together with its interest liabilities (30 November 2016: EUR 3,748 k; 30 November 2015: EUR 0 k), is classified as liabilities to affiliates. The liabilities to affiliates are due within one year.

Wage and church tax liabilities (30 November 2016: EUR 17 k; 30 November 2015: EUR 11 k) are classified as other liabilities (2016: EUR 17 k; 2015: EUR 47 k). In 2015, trade tax liabilities (30 November 2015: EUR 36 k) were also still being reported. As in the previous year, all such liabilities are due for payment within one year.

9. BUSINESS

9.1. OVERVIEW

Heidelberg Pharma Group is active in the field of research and development of drugs against cancer. The Company is located in Ladenburg, Germany, close to Heidelberg and is focused on the development of a specific technology in the context of so called Antibody Drug Conjugates (ADCs). The team of 55 employees has core expertise in chemistry, bio-analytics, biochemistry, biology, pharmacology as well as early pre-clinical and clinical drug development.

For many decades, cancer has been treated mainly by cytostatic chemical drugs, which lead to severe side effects due to unspecific toxicity on normal and non-cancerous cells. In the last 25 years, antibodies have gained great importance as supplementary and more specific treatments, which reduced some of the side effects. Antibodies can bind specifically to target structures on tumor cells and thus enhance the patient's immune response to cancer. However sometimes they lack efficacy.

Starting a few years ago a new class of compounds has been developed to combine the specificity of antibodies with the cell killing potential of cytostatic drugs to eradicate tumor cells from the body. To achieve this goal, tumor specific antibodies were coupled to toxic payloads, resulting in antibody-drug conjugates. They are supposed to act like a "Trojan Horse": The antibody should find the tumor cell and deliver the toxic payload inside the tumor cell. ADCs currently on the market use toxins that act similarly to many cytostatic drugs. This limits their efficacy.[4]

Heidelberg Pharma develops the toxin alpha Amanitin and its chemical derivatives (together called Amanitin) for use in ADCs to fight cancer [5]. To the best of its knowledge this class of compounds is different from all those used in cancer therapy before. Amanitin is a member of the Amanitin group of natural poisons, which occur in the death cap mushroom (Amanita phalloides). It interferes with house-keeping mechanisms in the cells and causes so-called programmed cell death or apoptosis. The goal is to develop more effective and better-tolerated anti-tumor drugs based on this principle.

Amanitin itself is liver toxic and unfeasible for cancer therapy [6]. Heidelberg Pharma adopted the ADC technology to couple Amanitin with various antibodies thus making it usable for cancer treatment – via so-called Antibody Targeted Amanitin Conjugate (ATAC) technology. Based on its data Heidelberg Pharma Research supposes that the potential clinical benefits for cancer patients embrace high efficacy not only on proliferating but also on dormant tumor cells, the ability to overcome resistance of tumors against standard-of-care cancer treatments and by thus improving the efficacy of cancer therapy and reducing the risk of recurrence and metastasis.

To increase its long-term value the Company is building a proprietary portfolio of ATAC development candidates. To achieve early income and broad application of its ATAC technology by industry partners the Company licenses the ATAC technology to pharma and biotechnology partners to enhance their antibodies.

Outside the field of ATAC technology the Company intends to exploit the clinical portfolio formerly developed by WILEX AG through partnering activities. The clinical projects REDECTANE® and MESUPRON® have already been licensed to partners that are supposed to continue and complete the development and will be obliged to pay royalties to the Company once and if they are registered and marketed. In addition, Heidelberg Pharma Group has a small preclinical service business performing pharmacology studies for internal purposes and for other research companies. It enables the ATAC team seamless access to in-vivo tumor models in house. In the Company's view, this avoids usual delays and loss of know-how which occurs to its experience when using external Contract Research Organizations (CROs).

[4] Nature Reviews, Drug Discovery May 2017, Vol 16; 315 ff., 317.
[5] J Natl Cancer Inst. 2012 Apr 18; 104 (8):622-34.
[6] Food Chem Toxcicol. 2015 Dec;86:41-55.

Sales revenue will be generated through ATAC collaborations and early stage feasibility studies, upfront and milestone payments and funding for research activities supportive to license partners, milestone payments based on progress in the partnered portfolio and revenue from continued service activities.

Heidelberg Pharma AG is the new name for the former WILEX AG. This name change reflects the new strategy that is entirely focusing on ATAC technology developed by Heidelberg Pharma Research GmbH.

9.2. UNIQUE SELLING PROPOSITION (USP) PROFILE OF HEIDELBERG PHARMA

In the Issuer's view, Heidelberg Pharma has the following competitive advantages[7]:

- Potential to improve the efficacy of anti-tumor therapy including efficacy on dormant tumor cells and on those tumor cells resistant against standard therapies. The specific biological mode of action of Amanitin is new in anti-cancer therapy and makes a difference to classical therapeutic approaches. Based on its data the Company believes that Amanitin can also kill non-dividing tumor cells, which are rarely reached with existing standard therapies and which contribute to tumor recurrence and resistance formation[8]. and can evade typical resistance mechanisms, both being important challenges to tumor therapy. To the best of the Company's knowledge, Heidelberg Pharma will be the first company to bring an Amanitin based ADC (ATAC) in the clinical development by end of 2018.

- Mastering of the complex chemical synthesis of Amanitin: Any active drug must comply with a high-quality standard (so called GMP rules). Chemical synthesis is an important step to provide cost efficient and well-defined material. The synthesis of Amanitin proves to be very complex and demanding but the ADC team successfully mastered this challenge and further develops additional improvements, including industrial upscaling. Heidelberg Pharma believes that this provides an important competitive advantage.

- Identification of a potential biomarker to select patients who will probably best profit from ATAC therapy as compared to other patients. This provides a potential access to a "personalized medicine" approach in the way that medical treatments can become more efficient, while the risks of unacceptable side effects and treatment costs can be reduced to a minimum which might also speed-up clinical development.

- Dual business model combining early technology partnering providing early cash income and external validation of the Group's ATAC technology with the building of long-term value potential through a proprietary pipeline of development candidates. Research and collaboration license agreement with Takeda providing external validation of technology.

- Proprietary development candidate HDP -101 to treat different forms of leukemia as first proprietary pipeline product providing a mid-term clinical inflection point.

- Collaborative scientific network with renowned scientific institutes, university hospitals and respected pharma and biotechnology companies. Heidelberg Pharma collaborates on a scientific level with renowned Cancer Research Institutes including German Cancer Research Center, Heidelberg University Hospital, MD Anderson Cancer Center (US) and Indiana University Simon Cancer Center (US).

- Dedicated ADC team with a core expertise in important fields: The key employees have their background in chemistry, bio-analytics, biology and biochemistry as well as pharmacology. Thus, the Company disposes of all necessary capabilities to develop and produce ADCs: In-house chemical synthesis of toxin and linker, manufacturing of ATACs up to gram-scale, quality control, pharmacological studies of ADCs and in-vivo efficacy models to test early research candidates and their

[7] See Chapter 9.5 in more detail.
[8] J Natl Cancer Inst. 2012 Apr 18; 104 (8):622-34.

anti-tumor efficacy. Testing early stage development candidates "in-vivo" is mandatory for efficient drug development.

9.3. PRODUCT PORTFOLIO OF THE HEIDELBERG PHARMA GROUP

Product	Target/ Technology	Indication	Research	Pre-clinic	Clinic			Partner
ADC-Platform					I	II	III	
HDP-101 – ATAC	BCMA Antibody Amanitin Conjugate	Multiple Myeloma (DLBCL/CLL)						Proprietary
PSMA-ATAC	PSMA Antibody Amanitin Conjugate	Prostate cancer						Proprietary
CD 19 - ATAC	CD 19 Antibody Amanitin Conjugate	Hematological tumors						Proprietary
HuMAB 5B1-ATAC	N/A Antibody Amanitin Conjugate	Metastatic pancreatic cancer						MabVax
NN-ATACs	N/A	Leukemias						Nordic Nanovector
TAK-XX-ATACs	N/A	N/A						Takeda/Millenium
Clinical Assets								
RENCAREX®	Antibody/ CAIX (therapy)	Non-metastatic ccRCC						To be partnered (RoW) Esteve (South Europe),
REDECTANE®	I124 labelled Antibody / CAIX (diagnostic)	ccRCC						Telix (ww)
MESUPRON®	uPA-Inhibitor	Solid tumors						Link Health (China)
MESUPRON®	uPA-Inhibitor	Solid tumors						RedHill (Rest of World outside Greater China)

9.4. STRATEGY

Heidelberg Pharma wants to develop new and better therapies to treat cancer and to increase its economic value by building a portfolio of drug candidates and out-licensing of those drug candidates, create income by technology license collaborations and its service business. The technology consists of a new type of anti-cancer drugs called antibody-targeted amanitin conjugates (ATACs). Heidelberg Pharma uses ATAC technology for creating a proprietary portfolio of drugs and as a basis for licensing contracts with external pharma and biotechnology companies. In addition to these activities, the Company is constantly improving and developing ATAC technology itself. Independently of ATAC technology Heidelberg Pharma has a portfolio of clinical oncology products licensed to partners and the Company performs pharmacological studies as a service to other research companies.

9.4.1. Proprietary portfolio of ATAC development candidates

The first pillar of the strategy consists of building a proprietary product portfolio of ATAC candidates for cancer treatment. In order to create complete ATAC molecules consisting of antibody, linker and Amanitin the Company searches for antibodies from external sources to create drug development candidates by using ATAC technology. Heidelberg Pharma explores those potential drug candidates and strives to develop them up to early clinical development, thus proving tolerability and efficacy in man. In the Company's opinion, the proprietary product portfolio is supposed to create long-term value, either by offering opportunities to conclude product license agreements with other pharmaceutical or biotechnology companies or by developing them into late stage assets and product candidates for advanced clinical development on its own account. Based on the general long-term experience in the industry the Company expects to be able to increase its value and of the ATAC platform considerably by showing clinical success of the development candidates. The lead candidate is HDP-101 scheduled to enter clinical trials in late 2018 for the treatment of Multiple Myeloma and other diseases. Due to the fact that the biological target of HDP-101 (BCMA) is not only expressed in tumor cells of Multiple Myeloma, but also in Chronic Lymphocytic Leukemia (CLL) and Diffuse Large B-Cell Lymphoma (DBCL) the

Company sees a potential for the treatment of those indications as well[9]. Access to antibodies is provided through in-licensing or partnering from academia or other biotechnology companies.

A proprietary portfolio of ATAC molecules provides the possibility to advance clinical studies but also to out-license potential development candidates to third parties.

9.4.2. Licensing of the ATAC technology

As a second pillar, the business strategy comprises the licensing of ATAC technology to other companies as a business-to-business activity. In these cases, the Group receives payments from partners for technology access and scientific support while the partners apply ATAC technology to antibodies from their portfolio. Within this framework, under license agreements, Heidelberg Pharma gives partners not only the licensing rights but also technological support in the manufacture and purification of the ATACs, the production and delivery of the compound, and selected preclinical research. If those collaborations are successful, the Group will also receive milestone payments and royalties on sales on the resulting products. In these cases, the partner carries all development and marketing costs.

Based on target specific license agreements the customers can use ATAC technology to enhance potentially the anti-tumor efficacy of antibodies from their portfolio. This part of the strategy provides early cash returns contributing to development costs as well as validation of ATAC technology by experienced and knowledgeable partners like Takeda Pharmaceutical Company Limited (Takeda). In addition, it paves the way to antibodies which would not be accessible without the respective partner. As part of this strategy, the Company entered into a multi-target research and option agreement with Takeda in June 2017. Following a number of successful trial runs, in June 2017 Heidelberg Pharma signed an exclusive research agreement for up to three research targets with Takeda for the joint development of ATACs. Under the terms of the agreement, Takeda has the option to in-license up to three ATAC candidates. Before that, Heidelberg Pharma Research had a research collaboration with Roche from 2013 until 2015, terminated due to a restructuring and re-alignment at Roche.

In addition, Heidelberg Pharma performs research collaborations with other partners to evaluate if ATAC technology fits to the specifics of the respective partner's antibody. Heidelberg Pharma hopes to finally derive long term license agreements with those companies out of these collaborations.

9.4.3. Ongoing improvement of ATAC technology

Heidelberg Pharma Group constantly strives to mature ATAC technology. The teams continuously test and profile modified Amanitin, linker varieties and different antibody formats, fragments and targets to broaden the knowledge base, the intellectual property and to derive potential new development candidates. This embraces the upscaling of the synthesis of Amanitin to an industrial level and optimizing of the synthetic routes. Among others, the Group plans to develop a companion diagnostic, which might be able to identify patients that can profit at best from an Amanitin based cancer treatment. Heidelberg Pharma Group also investigates cell lines with low target expression to confirm the efficacy of ATACs on those cells as well.

9.4.4. Licensing of clinical portfolio

The company no longer develops clinical projects outside of the scope of ATAC technology. This portfolio consists of the Phase II drug candidate MESUPRON® which has been out-licensed to RedHill Biopharma Ltd., Israel and Link Health Co., China for further development and subsequent marketing. The PET/CT diagnostic Phase III drug candidate REDECTANE® has been licensed to Telix Pharmaceuticals for a final pivotal study. Telix is an Australian company focused on bio-radiopharmaceuticals. The Phase III therapeutic antibody RENCAREX® is available for out-licensing and continued development for external partners.

9.4.5. Preclinical Services

Furthermore Heidelberg Pharma Research offers preclinical services consisting of planning, realization and reporting of in vivo models in mice and rats. Those services are provided to other pharma or biotechnology companies to test their compounds in oncology, immunology, inflammation and autoimmune disease models and

[9] Blood. 2007 Jan 1;1109(1):331-8.

are completely independent of ATAC technology. Heidelberg Pharma Group also uses these preclinical resources for the internal R&D purposes.

The Subsidiary will maintain the service business to deliver positive contribution margins in the field of customer-specific research but also to secure the research capacity and quality Heidelberg Pharma Group needs for its own research. By combining external service offerings with internal research the Group achieves a constantly high utilization of capacity and keeps cost structure flexible.

9.5. TECHNOLOGIES, DRUG CANDIDATES AND PRODUCTS

Heidelberg Pharma Group's key technology is using Amanitin, a group of cyclic peptides derived from the mushroom toxin alpha amanitin, as a therapeutic agent to fight cancer. Alpha amanitin is a member of the Amanitin group of natural poisons, which occur in the death cap mushroom (Amanita phalloides). It acts as an inhibitor of RNA polymerase II (RNA Pol II), an enzyme which is mandatory for cells to be able to transcribe their genes from the DNA and to produce proteins. A lack of RNA Pol II stops important house-keeping mechanisms in the cells and causes so-called programmed cell death or apoptosis.

Amanitin, being a strong natural liver toxin, cannot be used as a therapeutic agent as such. Thus, Heidelberg Pharma Research has developed ATAC technology to create antibody-drug conjugates (ADCs) by using Amanitin. To form such molecules, specific antibodies must be coupled via linker molecules to the respective toxic payload, in this case Amanitin. Like in a "Trojan horse", the payload is linked to the antibody, which prevents the toxic effects of the pure toxin. The antibody is supposed to lead and deliver the toxic payload into the tumor cells. To tap the full potential for treatment of different types of cancer different antibodies have to be used addressing different disease-specific biological target structures.

Huge efforts were necessary to develop a chemical synthesis for Amanitin, which was accomplished by the Group in 2015. The upscaling to industrial scale is currently ongoing. A linker toolbox had been developed, providing stable or cleavable linkers according to tumor type and different conjugation chemistries used with ATACs. To create a complete ATAC molecule, antibodies have to be carefully selected according to their tumor specificity and have to be genetically modified to permit certain conjugation strategies.

The ultimate goal is to develop more effective and well-tolerated anti-tumor drugs by using the specific mode of action of Amanitin.

9.5.1. ATACs and ADCs (antibody drug conjugates)

With the aim to improve efficacy and tolerability of anti-cancer therapies, Heidelberg Pharma is developing a new technology platform for antibody drug conjugates based on Amanitin as a payload, called Antibody Targeted Amanitin Conjugates (ATACs). The core of ADC technology consists of using a chemical compound (linker) to crosslink a suitable antibody to a specific toxin. The role of the antibody is to transport the cross-linked toxin specifically into the cancer cell and to avoid or minimize toxic effects on normal cells. After binding to the tumor cell, the ADC is uptaken and releases the toxin within the cell. The released toxin then should destroy the tumor cell without affecting healthy tissue[10].

ATACs are supposed to enable the medical application of Amanitin. According to its experience, the Company can create ATACs in a manner that results in improved efficacy as compared to other drugs or ADCs. Due to their mode of action, the Company believes its ATACs can also be efficacious in dormant tumor cells, which are rarely reached with existing standard therapies and which contribute to tumor recurrence and resistance formation[11]. The Group develops these ATACs aiming to treat tumors that no longer respond to standard chemotherapy or anti-tumor antibodies. Heidelberg Pharma believes that a selective treatment of tumors using cytotoxic like Amanitin via specific ADCs could result in more effective cancer treatments with acceptable side effect profiles. The elements of ATAC molecules require specific expertise[12]

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10 Nature Reviews, Drug Discovery May 2017, Vol 16; 315 ff., 318

11 J Natl Cancer Inst. 2012 Apr 18; 104 (8):622-34.

12 Nature Reviews, Drug Discovery May 2017, Vol 16; 315 ff.

- Selection of the antibody according to the binding affinity to certain cell surface proteins, which are specific to tumor cells (tumor antigens). The antibody needs to be internalized into the cell.
- Choice of the linker moiety in a way that avoids degradation in the blood stream but releases the payload once the conjugate has entered the tumor cell. The kind of linker might differ depending on the tumor type, antigen and antibody.
- The payload – in this case the Amanitin - has to be made available in an industrial scale and GMP (Good manufacturing practices) quality. Heidelberg Pharma Research developed the chemical synthesis of Amanitins over several years and it proved particularly difficult. After successful synthesis in the laboratory scale, the upscaling to GMP manufacturing is currently under way.
- Conjugation strategies: The design of modern ADCs includes defined loading of the antibody to reach a homogenous product. That means that a defined number of toxin molecules are attached at defined positions in the antibodies. In many cases, this improves tolerability and eases GMP manufacturing. The currently marketed ADCs use heterogeneous mixtures of ADCs with a huge variation of drug-antibody ratios (DAR). According to our findings, this heterogeneity in some cases reduces tolerability and makes production more complex, as a defined and constant proportion of molecules with different DAR is mandatory to comply with approved processes for the respective drug.

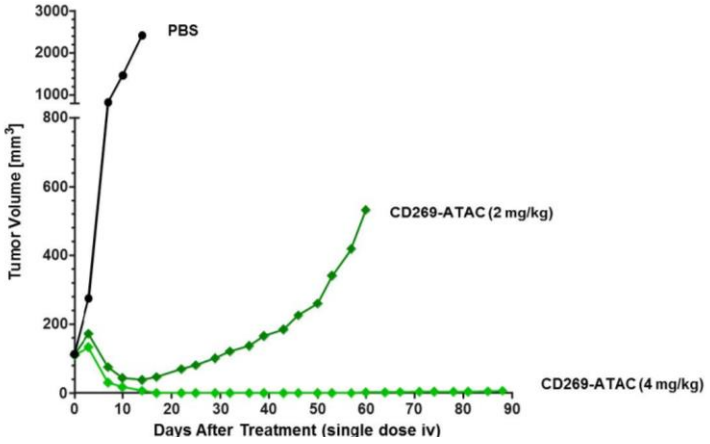
9.5.2. BCMA-ATAC project/HDP-101

The Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC) in Berlin has licensed various BCMA antibodies to Heidelberg Pharma Research.

BCMA is a surface protein that is highly expressed in multiple myeloma cells, but also in approximately 50% of Chronic Lymphocytic Lymphoma (CLL) as well as Diffuse Large B-Cell Lymphoma (DBCL) patients to which the selected antibodies specifically bind [13]. Multiple myeloma is a cancer affecting bone marrow and the third most common hematologic cancer; it represents a major unmet medical need where new, more effective therapies are needed [14]. HDP-101 also has potential in other hematologic indications where tumor cells express BCMA on their cell surface like CLL and DBCL.

Scientists at the MDC developed and humanized these BCMA-specific antibodies. Heidelberg Pharma has synthesized several proprietary ATAC molecules with these antibodies and generated preclinical data. Based on these data showing a very good profile and therapeutic index, Heidelberg Pharma has selected a lead candidate, HDP-101, which consists of a BCMA antibody, a specific linker and the Amanitin.

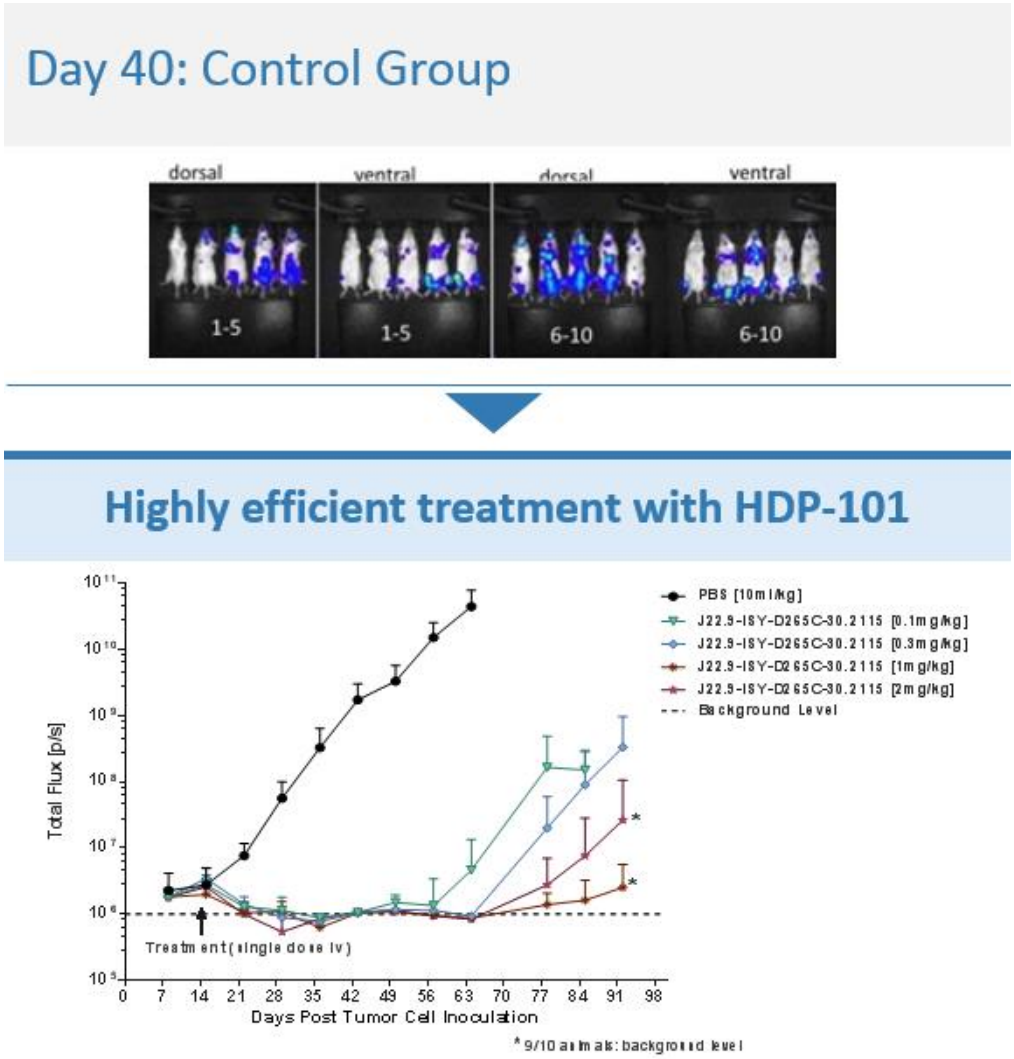
Preclinical data showed that HDP-101 had strong in vitro anti-tumor activity and led to complete tumor remission in mouse models for multiple myeloma even at very low doses after single administration.

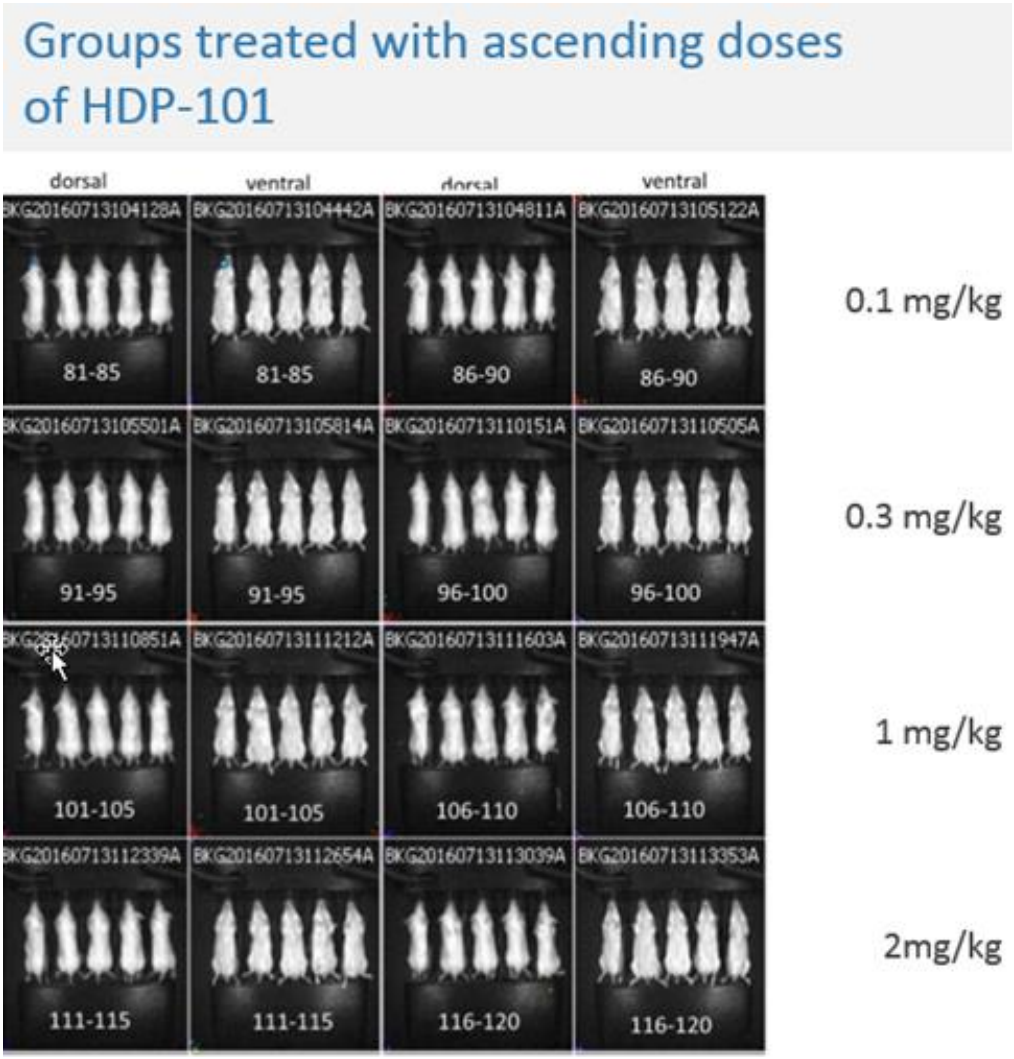


- Subcutaneous NCI-H929 murine xenograft model for multiple myeloma
- Animals were treated with a placebo (PBS) or a single dose of HDP-101
- Very good safety & tolerability profile after multiple dosing in various species
- No liver toxicity seen

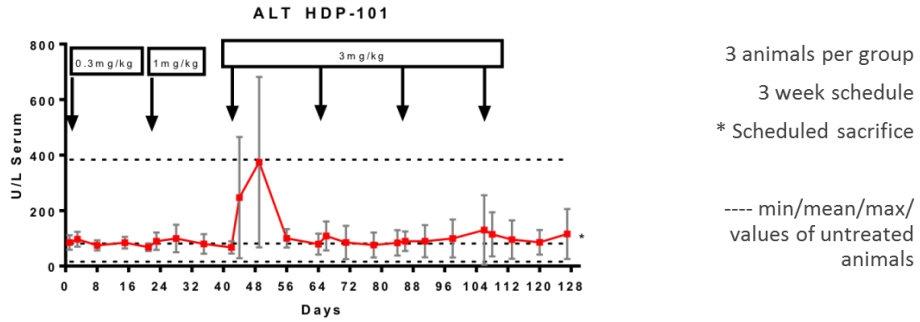
[13] Blood. 2007 Jan 1;109(1):331-8.
[14] Dimopoulos, M. A. et al. Nat. Rev. Clin. Oncol. 12, 42-54 (2015).

Among others, Heidelberg Pharma Research tested disease progression monitored with bioimaging in an intravenous multiple myeloma xenograft model in mice (MM1.S-Luc). At day 40 mice treated with 0.2 mg/kg were completely tumor free after a single treatment.





In addition, tolerability studies conducted in different in vivo models identified a good therapeutic window. The team of Heidelberg Pharma Research tested escalating and repeated doses of HDP-101 in cynomolgus monkeys as the relevant species to give a flavor of tolerability in man and saw no liver toxicity and no other clinical signs of toxicity.



The non-clinical development of HDP-101 has started in 2016. This includes cell line development for the production of non-GMP and GMP batches of antibody material for use in manufacturing of HDP-101 clinical

trial material. These tasks have been outsourced to Celonic AG, Basel, Switzerland, a contract development and manufacturing organization (CDMO) for biopharmaceutical proteins. The Company plans to conduct further non-clinical studies including tolerability studies in monkeys, in line with regulatory requirements and high-quality standards (GLP/GMP) to guarantee safety for subsequent human trials.

Heidelberg Pharma Research has to take the following next steps in the remaining months in 2017 and in 2018:

- Completion of technology transfer, upscaling and GMP manufacturing of payload, linker and antibody
- Scientific Advice at regulatory authorities, namely Paul Ehrlich Institute in Germany and FDA in US
- GMP availability and production of clinical trial material of HDP-101
- Preparation including design of clinical trial
- Initiation of regulatory process for phase I IND approval
- Establishment of a clinical advisory board

The Company intends to start the clinical trial until the end of 2018 and to have first signs of therapeutic efficacy in 2020 or 2021 respectively. CMC (Chemistry, Manufacturing and Control) processes for HDP-101 were initiated for antibody, toxin and conjugation. The regulatory activities (Gap analysis, briefing book and study synopsis for scientific advice meeting at Paul Ehrlich Institute (PEI), Germany) have started and the clinical advisory board was established.

9.5.3. Further ATAC research projects

Heidelberg Pharma Research has in-licensed several antibodies to create and evaluate follow-up ATAC pipeline development candidates. The German Cancer Research Center in Heidelberg among others provided a couple of CD-19 specific antibodies, which the team converted via conjugation to Amanitin to ATAC molecules. CD-19 is a B-lymphocyte antigen, a protein found on the surface of follicular dendritic cells and B-cells, a type of white blood cells in humans. Antibodies addressing this antigen are used to treat different forms of B-cell leukemias and lymphomas.

Freiburg University licensed a couple of PSMA specific antibodies to Heidelberg Pharma Research. After humanization, Heidelberg Pharma Research created several ATAC molecules and underwent a selection process supported by a grant of the German Federal Ministry of Education and Research. PSMA is Glutamate carboxypeptidase II (GCPII), also known under different names including prostate-specific membrane antigen (PSMA). This is an enzyme residing in membranes of human cells and frequently overexpressed in prostate cancer cells but also involved in neo-vascularization of tumors.

Nordic Nanovector and MabVax also collaborate with Heidelberg Pharma Research contributing cancer specific antibodies for different tumor types. In these cases the parties currently share ownership of the resulting ATAC development candidate until a final agreement on development contributions of each partner will have been made.

All these early stage molecules are currently part of a comprehensive series of internal in-vivo trials in rodents to explore their anti-tumor potential and pharmacokinetic properties. Heidelberg Pharma will use the results to prioritize the compounds for further development.

9.5.4. Prognostic Biomarker p 53 / RNA polymerase II

Predictive biomarkers are a key element of modern personalized medicine. The basic idea is to find an indicator for individual patient's benefits from a certain therapy. The advantage of such concept is that only those patients with positive outcome perspectives receive the respective treatment. As a result, medical treatments can become more efficient, while the risks of unacceptable side effects and treatment costs can be reduced to a minimum.

When using inhibition of RNA polymerase II as a treatment principle, as with ATACs, the concentration of RNA polymerase II inside the cell is a potential specific biomarker to improve the probability of success of such

treatment. The gene encoding for RNA polymerase II is *POLR2A* which is located in close vicinity to the gene *TP53* encoding for tumor suppressor protein p53 [15].

Tumor protein p53 is a tumor suppressor because of its role in preventing genome mutation. Without those p53 proteins cells are unable to control proliferation and develop into malignant cells. The anti-proliferative role of p53 protein makes it a primary target for inactivation in cancer. Therefore cancer cells often change their genome by partly deleting *TP53*, thus reducing the availability of p53 in the cell. This genetic deletion is frequently associated to rather aggressive tumors. By doing so, the cancer cells do not only delete the part of their DNA that encodes for p53 but also impact larger parts of their genome including *POLR2A*[16]. *POLR2A* was identified as a gene that is almost always co-deleted with TP53 in human cancers. This deletion results in lower concentrations of RNA polymerase II in the tumor cell. As a result, those tumor cells have lower levels of RNA polymerase II, thus a lower dose of Amanitin or ATACs is needed to inhibit of the remaining small amounts of RNA polymerase II in tumor cells, which leads to apoptosis of those cells. In a joint publication, MD Anderson Cancer Center in Nature (Liu et al. (2015)) showed that lower doses of alpha-Amanitin-conjugated to anti-epithelial cell-adhesion molecule antibodies led to complete tumor regression in mouse models of human colorectal cancer cells with hemizygous deletion of POLR2A when compared to wildtype cells [17].

Data suggest that this finding might be transferable to other tumor types and Heidelberg Pharma Research is currently developing a biomarker that might be useful in the future to identify cancer patients that will have an additional benefit from a treatment with ATAC therapies. The collaboration with MD Anderson was laying the basis for the concept described and Heidelberg Pharma intends to collaborate on its clinical validation. Furthermore, the Company plans to develop a diagnostic kit that will allow collecting clinical data in the future to validate the significance of the approach in different therapeutic areas.

In consequence, one might be able to predict the type of tumor with a significantly higher success rate of ATAC treatment. This possibly can reduce risks of side effects of treatment due to lower dosing and might also accelerate clinical development of ATACs in the relevant indications. However, Heidelberg Pharma Research will have to investigate the role of this biomarker for its relevance in every single clinical indication it intends to develop. As a precondition, a companion diagnostic is currently under development.

9.5.5. Preclinical services business

Heidelberg Pharma Research also has departments for in vivo pharmacology, cell biology, bioanalytics, molecular biology and chemistry, and offers preclinical research services in the fields of cancer, as well as inflammatory and autoimmune diseases. In its research, the company focuses on early substances (for example, optimization of lead structures) up to the profiling of preclinical candidates. Heidelberg Pharma Research offers both, standard models and individualized model to its customers for specified indications.

9.5.6. Clinical portfolio

The following projects are clinical assets based on former activities of the Company under the name of WILEX. These compounds are no longer developed by Heidelberg Pharma, but were transferred to partners through licensing agreements or are available for partnering.

9.5.6.1. MESUPRON®

MESUPRON® (INN: Upamostat) is an oral uPA (urokinase-type plasminogen activator) inhibitor/serine protease inhibitor designed to block the activity of tumor-relevant serine proteases such as uPA, plasmin and thrombin to prevent tumor growth and metastasis.

In 2014, the development and commercialization rights for MESUPRON® were out-licensed to Link Health Co., Guangzhou, China, for China, Hong Kong, Taiwan and Macau, and RedHill Biopharma Ltd., Tel Aviv, Israel, for the rest of the world. All further development and potential marketing activities for this product candidate will be carried out by these partners.

[15] Nature. 2015 Apr 30; 520(7549);697-701.
[16] Nature. 2015 Apr 30; 520(7549);626-7.
[17] Nature. 2015 Apr 30; 520(7549);697-701.

In January 2016, Heidelberg Pharma AG's partner Link Health submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for a Phase I dose-escalation study with MESUPRON®. The IND is expected to be granted during 2017. Following this trial, which is intended to confirm the optimal biological dose, further Phase II trials in cancer patients are planned.

The Company's partner, RedHill, plans to start a clinical Phase I/II trial in pancreatic cancer in Germany until 30 June 2018.

The Issuer is in regular contact with its two partners about the status and progress of the clinical development of MESUPRON® and will report on the progress. In September 2017 RedHill received a Notice of Allowance from the United States Patent and Trademark Office for a new patent covering a combination of MESUPRON® and the phase II stage compound YELIVA. In October 2017 RedHill was granted Orphan Drug Designation for its drug candidate MESUPRON® (upamostat) by the FDA for adjuvant treatment of pancreatic cancer.

9.5.6.2. REDECTANE®

REDECTANE® (INN: 124I-Girentuximab) is a radiolabeled form of the antibody Girentuximab, which binds to the antigen CAIX on clear cell renal cell carcinoma. The antibody-based radiopharmaceutical REDECTANE® with PET/CT could support physicians in diagnosing kidney tumors. This could improve therapy planning for renal cancer patients[18]. REDECTANE® may also potentially be suitable for monitoring response to treatment and for diagnosing other kinds of tumors. A Phase III trial (REDECT) completed at the Company has already showed that REDECTANE® can differentiate between clear cell and non-clear cell renal cell cancer and that PET/CT with REDECTANE® was clearly superior to CT [19].

In January 2017, an exclusive license agreement for the worldwide development and commercialization of REDECTANE® was signed with the Australian company Telix Pharmaceuticals.

Initially, Telix will invest in an improved manufacturing process for the antibody. Telix then will have to conduct a further confirmatory diagnostic performance (Phase III) study. All further development and marketing activities for this product candidate will be carried out by this partner.

Telix also plans to develop a therapeutic radio-immuno-conjugate program based on the Lutetium-177-labeled Girentuximab antibody.

9.5.6.3. RENCAREX®

RENCAREX® (INN: Girentuximab) is a monoclonal antibody that binds to a tumor-specific antigen (carbonic anhydrase IX or "CAIX"). CAIX is expressed in several types of cancer (kidney and colon cancer as well as head and neck tumors) but is generally not present in healthy tissue. In 2013, a Phase III trial with RENCAREX® was completed that did not show any significant improvement in adjuvant therapy of clear cell renal cell cancer in the overall study population. However, positive, albeit retrospective, subgroup data could provide the basis for out-licensing the antibody. The Company is in discussions regarding out-licensing but talks have not yet resulted in a satisfactory outcome.

9.6. PROCUREMENT

As part of its business activities, Heidelberg Pharma is responsible for the procurement of supplies for the drug candidate HDP-101 and other ATAC candidates for preclinical and clinical test purposes, external services, chemicals and laboratory supplies for research and development. Heidelberg Pharma Group has engaged external CDMOs (Contract Development and Manufacturing Organizations) and is involved in the development and optimization of production processes for Amanitin payloads, linker chemistry and the BCMA antibody in order to organise the procurement of required ingredients at a later stage.

9.6.1. Procurement of drugs ingredients

Heidelberg Pharma Research has a contract with Celonic AG, Basel, Switzerland for the cell line development and production of the BCMA specific antibody required for HDP-101. Another contract has been signed with

[18] Chaitanya et al., Journal of Clinical Oncology 30, 2012.
[19] Chaitanya et al., Journal of Clinical Oncology 30, 2012.

Carbogen Amics AG, Bubendorf, Switzerland to realise the technology transfer and upscaling off for the synthesis of Amanitin and linkers. Both companies are contract development and manufacturing organizations and set to build up these processes under GMP conditions which allow the use of the materials in clinical trials.

In respect to the technology license collaborations the Group's partners have assumed responsibility for the manufacturing for partnered clinical compounds. The Company supports the technology transfer to their external manufacturers with historic data, samples, production protocols and analytic assays and certificates and support by the scientists. The procurement of drug ingredients and the technology transfer from laboratory scale to industrial scale belong to the most important cost factors of development.

9.6.2. Procurement and manufacturing management for research and development supplies

Generally, Heidelberg Pharma Group is not dependent on any single raw material supplier for research and development. Rather, the Group solicits various bids as a matter of principle and places its orders with the most advantageous supplier, taking into account quality considerations. Procurement is organized in such a way that Heidelberg Pharma Group is able to ensure that the supply is sufficiently stable and resilient in the face of possible bottlenecks or quality problems while at the same time optimizing its purchase prices. Given a price trend within the usual range, procurement costs are of secondary importance in the Group's cost structure.

9.6.3. Complex demands on service providers

Heidelberg Pharma Group avails itself of external services, primarily for the large-scale production and formulation of therapeutic active ingredients as well as when conducting pharmacological, toxicological and clinical trials. Outsourcing of these activities allows Heidelberg Pharma to respond quickly to development challenges with the required flexibility. External service providers must comply with quality standards of the industry and are selected based on a range of criteria including expertise, flexibility, reliability and cost effectiveness.

9.7. INTELLECTUAL PROPERTY

A strong patent position is essential for Heidelberg Pharma for the successful marketing and licensing of early-stage research projects or clinical product candidates, which is why the Group endeavors to safeguard its product and development candidates, as well as their manufacture and use, through patents or licenses.

9.7.1. Intellectual Property of Heidelberg Pharma Research GmbH regarding ATAC technology

The patent portfolio covers a patent family licensed from DKFZ and Professor Faulstich that relates to the **chemical reaction to crosslink** certain carrier molecules, such as antibodies, to Amanitin and protects certain chemical binding positions which in the Company's opinion and based on its data are best suitable for linker coupling. In early 2016, the patent "Amanitin armed therapeutic cell surface binding components designed for tumor therapy" was granted in the United States.

A couple of pending patent families protect **Amanitin derivatives and chemical building blocks** necessary for chemical synthesis of ATACs. Other pending patent families are dedicated to Lysin linker chemistry and certain thio-mab linking positions in antibodies.

In mid-2016, the European Patent Office granted to Heidelberg Pharma Research a patent for its proprietary chemical synthesis of dihydroxyisoleucine. The patent has a term until 2033. The amino acid dihydroxyisoleucine is a synthetic building block of alpha-Amanitin and of Amanitin derivatives. The patent protects the subsidiary's chemical synthesis of Amanitin. In April 2017 Heidelberg Pharma Research received a communication from the US Patent Office too that it intends to grant this patent.

Furthermore, Heidelberg Pharma Research has applied for patent protection of the **lead candidate HDP-101**.

As of August 31, 2017, Heidelberg Pharma Research has filed applications for patents directed at its proprietary ATAC Technology in 8 patent families, the most important patent families covering the major countries worldwide (US, Europe, Australia, Brazil, Canada, China, Israel, India, Japan, South Korea, Mexico, New Zealand, Russia, Singapore, Ukraine, South Africa). Also, Heidelberg Pharma Research has in-licensed several

patent families to expand the protection of its ATAC Technology and to secure protection for specific ATAC development candidates.

In recent years patents have been granted in several countries, including Europe and the United States. The current patent horizon extends until 2037 plus additional protection periods provided by the EU, the USA and other countries (Supplementary Protection Certificates are available in the pharmaceutical industry under certain circumstances).

9.7.2. Intellectual Property of Heidelberg Pharma Research GmbH regarding licensed antibodies

In 2017 Heidelberg Pharma Research entered into a license agreement with the Max Delbrück Center, acquiring worldwide exclusive rights for the use of specific antibodies directed at the target BCMA in Amanitin conjugates, which form a part of Heidelberg Pharma's lead developing candidate HDP-101. Also in 2017 Heidelberg Pharma Research has concluded a license agreement with the University of Freiburg, acquiring worldwide exclusive rights for the use of specific antibodies directed at the target PSMA in Amanitin conjugates.

9.7.3. Intellectual Property of Heidelberg Pharma AG

These patents relate to the clinical portfolio formerly developed under the name of WILEX. As of August 31, 2017 Heidelberg Pharma AG holds licensed intellectual property rights, owns more than 95 patents worldwide and has filed 20 applications for patents in different patent families. Heidelberg Pharma AG has expanded its intellectual property rights through strategic acquisitions or licenses respectively of patent portfolios from Leiden University, Centocor and Biomedical Research Center, Slovak Academy of Sciences, Slovakia (see 9.11).

9.7.3.1. Intellectual Property MESUPRON®

The uPA-based patent family currently comprises eleven patent families. Patent protection applies to both, the active ingredients (claim to the compound or chemical structure) and the medical use of the compounds, as well as to both formulation and production. The maximum terms for patents and patent applications of this portfolio are set to expire between 2018 and 2028. Possible extensions of the maximum terms by means of Supplemental Protection Certificates are not included. In fiscal year 2014, the Issuer has licensed nine patent families and patent applications for the lead compound MESUPRON® and for its derivative WX-UK1 to RedHill. Further the Company has licensed seven patents and patent applications to Link Health in China and Hong Kong.

9.7.3.2. Intellectual Property for Antibody Girentuximab

More than 40 patents and patent applications currently apply to the Girentuximab antibody program. These patents and applications for patents, if granted, are set to expire between 2022 and 2034. Possible extensions of the maximum terms by means of Supplemental Protection Certificates are not included. The intellectual property rights cover, among others, the hybridoma cell line producing the Girentuximab antibody, the production of Girentuximab or a pharmaceutical compound containing this antibody, and the antibody itself for use in adjuvant therapy or as combination therapy. In January 2017, the Company licensed these six patent families to Telix Pharamceuticals Ltd., Australia for further development and commercialization of any form of radio-labelled versions of the antibody Girentuximab, namely the PET / CT -Diagnostic compound REDECTANE®.

9.8. PROPERTY, PLANT AND EQUIPMENT

9.8.1. Real Estate

Heidelberg Pharma AG does not own any property and rents office space in Munich. The offices and laboratories of the subsidiary Heidelberg Pharma Research GmbH are located in rented premises. It has leased approximately 3,300 m^2 in the former Max-Planck Institute owned by the State of Baden-Wuerttemberg, thereof approximately 2,800 m^2 as laboratory space. According to Heidelberg Pharma's view the lease agreement provides for appropriate, adequate and customary lease conditions. The lease agreement was concluded in 2003 and runs for an undefined period with 6 months termination period.

9.8.2. Environmental and health protection

The Group is subject to stringent statutory requirements and strives to keep its laboratory facilities and equipment state-of-the-art. In order to monitor compliance with regulatory requirements, Heidelberg Pharma has appointed an in-house officer for biological safety, a project manager in accordance with the provisions of the

German Genetic Engineering Act (*Gentechnikgesetz*) as well as officers for animal protection, safety and waste management, all of whom are experienced employees specifically trained for their specialist tasks. Heidelberg Pharma also employs a working safety specialist who has been trained in accordance with the guidelines of the statutory employers' liability insurance scheme for the chemical industry.

Heidelberg Pharma's laboratory systems are serviced on an ongoing basis and are continuously maintained and expanded. The Group enlists the help of external service providers to ensure that waste materials are properly sorted and disposed of professionally or recycled in accordance with requirements. In order to guarantee safety at work for laboratory employees, the safety engineer performs hazard analyses and conducts training sessions. In addition, preventive medical check-ups are carried out at regular intervals. Heidelberg Pharma complies with all key requirements in respect of environmental protection and health and safety. It holds the requisite authorizations and permits. It has passed all random inspections and tests carried out by the various authorities to date without any relevant objections.

9.9. EMPLOYEES

9.9.1. Number of Employees

As of the date of the Prospectus, the Group had 57 employees, including the members of its Executive Management Board; Heidelberg Pharma Research had 52 employees and Heidelberg Pharma AG had 5 employees. At the end of the financial year 2016, as of 30 November 2016, the Group had 53 employees, including the members of its Executive Management Board (30 November 2015: 55). They were distributed among business areas as follows:

Employees	**31 August 2017 (unaudited)**	**30 Nov. 2016 (unaudited)**	**30 Nov. 2015 (unaudited)**
Research and Development	23	24	23
Manufacturing, Service and Distribution	17	16	17
Administration	15	13	15
Employees, total	**55**	**53**	**55**

9.9.2. Stock options

The Company has a performance-related remuneration system for its employees. Every employee is paid variable remuneration based on defined goals in addition to an annual fixed salary. The 2005 and 2011 Stock Option Plans give employees a stake in the Company's performance, although the authorization to grant options has expired for both plans, which means that no further options can be issued.

In the 2016 fiscal year, 415,227 new options were issued under the 2011 Stock Option Plan, including 252,000 to the Executive Management Board and 163,227 to employees. During the past fiscal year, 722,484 options under the 2005 Stock Option Plan expired at the end of their term, including 579,335 held by former members of the Executive Management Board and 143,149 held by current and former employees. No options were returned due to beneficiaries leaving the Company during the year. No stock options were exercised.

This means that 598,437 options – 337,500 for existing or former members of the Executive Management Board and 260,937 for existing or former employees of Heidelberg Pharma AG and Heidelberg Pharma Research – were outstanding under the 2011 plan as of the end of the fiscal year 2016.

Overall, 835,631 options – 487,500 for existing or former members of the Executive Management Board and 348,131 for existing or former employees – were outstanding from both stock option plans as of 30 November 2016.

As of the date of the Prospectus, no stock options had been issued or exercised during the 2017 fiscal year. Additionally, no stock options have expired or were returned as a result of Executive Management Board members and/or employees leaving the Company.

A total of 47,200 options of the Executive Management Board and 30,605 options of employees vested in the first nine months of the fiscal year.

The General Meeting approved on 20 July 2017 the "WILEX 2017 Stock Option Plan", including 661,200 subscription rights ("stock options") up to (and including) 19 July 2022. To the extent that stock options are issued to members of the Executive Management Board of the Company, this authorization applies exclusively to the Supervisory Board. Shareholders are not entitled to subscription rights.

The total volume of stock options in the WILEX 2017 Stock Option Plan will be distributed among the groups of beneficiaries as follows:

- Members of the Executive Management Board of the Company receive a maximum total of up to 201,200 stock options (30%);
- Employees of the Company receive a maximum total of up to 64,500 stock options (10%);
- Employees of domestic and foreign affiliates receive a maximum total of up to 395,500 stock options (60%).

Independent of this, employee inventions that lead to patent applications are compensated under the special patent incentive program.

9.10. RISK MANAGEMENT AND COMPLIANCE

9.10.1. Risk management and control

Managing and controlling risk is important to the management of Heidelberg Pharma. The tasks involved include the recording and assessment of risk, as well as the efficient controlling of operational and strategic risks. All potential risks with significant ramifications and a reasonable probability of occurring are closely monitored on a regular basis. All major business decisions are made after a comprehensive assessment of all related risks.

The Group's risk strategy is defined by the Executive Management Board and coordinated with the Supervisory Board. The Chief Financial Officer is responsible for the Group's risk management and control. The Controlling Department regularly reports the current status of risk management to the full Executive Management Board.

Heidelberg Pharma has established a comprehensive and efficient system across its divisions, functions and processes to detect, assess, communicate and manage risks. Risk management is designed to detect risks as early as possible, use suitable measures to keep operating losses at a minimum and avert going-concern risks. Heidelberg Pharma uses an IT-based risk management system to identify risks early; the system complies with the requirements of the German Stock Corporation law (*Aktiengesetz*) and German Control and Transparency in Business Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich). The Group uses this system to identify and assess risks as well as to monitor measures aimed at minimizing risk.

All material risks are addressed in a risk report that is made available to the Executive Management Board at least monthly. In addition, the risk report is discussed with the Supervisory Board on a regular basis. Comprehensive risk ratings are carried out on a quarterly basis as part of a systematic process designed to ensure that all material risks related to the different departments and subsidiaries are included.

Heidelberg Pharma distinguishes between short-term risks that might affect the Group in the next 12 months and longer-term strategic risks. Unforeseen risks are discussed alongside the usual risk management process, and countermeasures are put in place upon short notice. The risk management system is described in detail in both a risk manual and company guidelines. These documents are regularly updated and made available to all employees. The risk early warning system is reviewed by the Company's auditor at least once per year in order to ensure that it meets the requirements of Section 91 (2) of the German Stock Corporation Act.

9.10.2. Key features of the internal control and risk management system

Pursuant to Section 315 (2) no. 5 of the German Commercial Code in conjunction with Section 91 and 93 of the German Stock Corporation Act, the Executive Management Board is responsible for ensuring compliance with and duly reporting on an effective internal control system designed to ensure reliable financial reporting. The

Company's internal control system is an integral part of its risk management system and serves primarily to ensure that its financial statements comply with all rules and regulations. It comprises all principles, methods and actions aimed at ensuring the effectiveness, economy and propriety of the Company's accounting system as well as ensuring compliance with material legal requirements. Heidelberg Pharma AG fulfills the requirements of the German Commercial Code and IFRS.

Financial control in the Group is divided into planning, monitoring and reporting. Based on its strategic business plan, Heidelberg Pharma prepares annual budgets for internal management and control purposes that are applicable not only to the Group but also to the parent company and subsidiary. Based on these plans, a monthly as well as a more comprehensive quarterly variance analysis is prepared for all financial and non-financial key performance indicators and reported to the Executive Management Board with the support of the relevant departments. This control tool enables the Finance Department and the Executive Management Board to identify opportunities and risks at an early stage.

The corporate bodies of Heidelberg Pharma AG periodically review the effectiveness of the internal control system to ensure reliable financial reporting. Internal reviews have not uncovered any material weaknesses, and minor defects were remedied immediately. In particular, regular reports on this system are submitted to the Audit Committee of the Supervisory Board, which discusses the audit activities.

To ensure reliable financial reporting, Heidelberg Pharma AG observes the International Financial Reporting Standards (IFRS) and the provisions of the German Commercial Code (HGB). In addition, the Company uses an internal control system (ICS) which follows the framework "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework). In keeping with the COSO Framework, the ICS has the following components: Control environment,

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring the internal control system.

The Group's internal control system is intended to ensure compliance with applicable accounting principles to ensure reliable financial reporting. The system comprises actions that are managed automatically and manually. Preventive and downstream risk controls are carried out, and care is taken to maintain both the division of responsibilities in the Finance Department and compliance with corporate guidelines (e.g., four-eyes principle when approving expenditures). These controls also include the utilization of IT-based solutions that define different access and permission rights and thus grant limited access, especially in connection with the Group's Finance and Accounting Department, which will be consolidated within an integrated system as of the 2017 fiscal year.

If necessary, Heidelberg Pharma also includes external experts in the process, such as for questions related to the measurement of stock option grants, the preparation of securities prospectuses and purchase price allocations.

Specific risks related to the Group's financial reporting process may arise from unusual or complex transactions. Transactions that are not routinely processed also entail inherent risks. Additional risks related to the financial reporting process arise from the latitude given to employees regarding the recognition and measurement of assets and liabilities. To prevent these risks, Heidelberg Pharma consults with auditing firms - e.g., the auditor of the Group's annual financial statements - and has established a team of professional finance specialists. The risks are monitored both as part of the monthly reporting system and during the year via the internal control system. External third-party opinions are solicited and the Audit Committee is consulted in connection with special topics.

However, all aspects of the internal control system that serve to provide a proper and reliable financial reporting process ensure complete and timely recording of all transactions in compliance with all requirements under the law and the Company's Articles of Association. A software-based invoice management system that has greatly

simplified and accelerated invoice processing is being used. Control activities also serve to ensure that the bookkeeping records provide reliable and plausible information and that all measures taken significantly reduce the risk of a negative impact on the financial reporting.

With Heidelberg Pharma's organizational, control and monitoring structures, the internal control and risk management system makes it possible to record, process and measure all transactions pertaining to the Company and to present them appropriately through the accounting of the Group companies and the Group. However, personal discretion, defective controls, criminal acts or other circumstances cannot be precluded and, as a result, may limit the effectiveness and reliability of the internal control and risk management system such that even group-wide application of the systems utilized cannot guarantee with absolute certainty complete, accurate and timely recording of transactions as part of the financial reporting process. The risk management system is adjusted, as necessary and in a timely manner, to account for changes in the risk environment.

9.11. LITIGATION

The former US subsidiary WILEX Inc. was sold to Nuclea Biotechnologies, Pittsfield, Massachusetts, USA, on 6 September 2013. Due to rent and utility payments in arrears owed by Nuclea to the lessor Siemens Corporation, NJ, USA, the latter is holding Heidelberg Pharma AG liable for these costs under a guarantee in the lease, granted by Heidelberg Pharma AG in favor of WILEX Inc. Heidelberg Pharma AG had to assume this guarantee in 2010 as part of the acquisition of WILEX Inc. (formerly Oncogene Science) from Siemens. In the summer of 2016, bankruptcy proceedings were opened for Nuclea. In accordance with the principle of prudence, as of 31 August 2017, Heidelberg Pharma AG has set aside reserves for the potential liability from the sublease guarantee in the amount of EUR 408 k, as in the previous year. Siemens is demanding that Heidelberg Pharma AG pay the rent in arrears and compensation for the period through July 2016 totaling USD 832 k. However, based on the opinion of the US attorneys hired, Heidelberg Pharma AG believes that Siemens does not have grounds to assert legal claims against Heidelberg Pharma AG. In May 2017, Siemens Corporation brought an action against Heidelberg Pharma AG for this amount before the United States District Court for the District of Massachusetts, USA.

Heidelberg Pharma AG considers these claims to be completely unjustified and has already submitted an answer to the complaint. It considers itself to be adequately protected with the provisions it has already set aside. A ruling is not expected before mid-2018.

Other than the proceedings described above, the Issuer is not and has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) during the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or the Group's financial position or profitability.

9.12. MATERIAL CONTRACTS

9.12.1. Contracts entered into by Heidelberg Pharma Research GmbH

9.12.1.1. ADC Technology

In December 2009, an exclusive, worldwide, royalty-bearing (including milestone payments) patent and expertise license agreement was concluded between Heidelberg Pharma Research as the licensee and Professor Heinz Faulstich and the German Cancer Research Centre (DKFZ), Heidelberg as the licensors. The licensors jointly did experiments with Amanitin oncology antibody conjugates and had specialist expertise in the utilization of Amanitin based on this ADC technology. In accordance with the contractual arrangements, the licensors granted Heidelberg Pharma Research an exclusive license to the licensed patent rights and know-how for the development, production and distribution of antibody Amanitin conjugates. The agreement will expire after the expiration of the last granted patent, but the payment obligations will not end before the expiration of 10 years after regulatory approval (*Marktzulassung*) of the first contract product in Europe and the United States of America. Without regard to possible patent extensions under national patent law, based on the date of their application the last licensed patents will expire in 2030. The licensors may only terminate the agreement extraordinarily for good cause, in particular if licensee (or a partner of licensee) will not be able to start Phase I or I/IIa or an equivalent clinical phase of an approval procedure regarding a product covered by the agreement by 31 December 2020.

9.12.1.2. Antibodies

In January 2017, an exclusive, worldwide royalty-bearing (including milestone payments) license agreement was concluded with the Max Delbrück Center covering various BCMA antibodies. Scientists at the MDC developed those BCMA-specific antibodies. Heidelberg Pharma Research has generated several proprietary ATAC molecules with these antibodies. The agreement expires 10 years after the date or the first commercial sale in any country or with expiration of the last patent in any country, whichever occurs later. Without regard to possible patent extensions under national patent law, based on the date of their application the last patents will expire in 2035. An earlier termination by the licensor is only possible for defined, restricted reasons (for example, if licensee (or a partner of licensee) does not use commercially reasonable best efforts to meet the following milestones: finishing of the preclinical data packages for an IND application by end of 2017, start of the clinical phase (fpi) by end of 2018).

In addition, Heidelberg Pharma Research has concluded an option agreement with the DKFZ in 2014 as well as a license agreement with the University of Freiburg in 2017. The license agreement with the University of Freiburg is directed at the exclusive use of certain antibodies proprietary to the University of Freiburg in the production and development of ATACs as oncology therapeutics. It will expire 10 years from the effective date or when the last in-licensed patent has expired, whichever occurs later. Without regard to possible patent extensions under national patent law, based on the date of their application the last patents will expire in 2026. An earlier termination by the licensors is only possible for good cause. The option agreement with the DKFZ grants to Heidelberg Pharma Research an option to enter into a know-how license agreement for the exclusive use of certain antibodies proprietary to and created by DKFZ in the production and development of ATACs as oncology therapeutics. Its envisaged term will expire 10 years after regulatory approval (Marktzulassung) of the first contract product. As of today, the Company does not expect such regulatory approval to take place before 2024.

9.12.1.3. Manufacture and Optimization of Amanitin and ATAC

In 2014, Heidelberg Pharma Research has executed its option for an exclusive license agreement granted by a scientific institute. Such exclusive license covers secret knowledge relating to the fermentation technique developed there for the manufacture of Amanitin. The term of the agreement will not end unless the secret knowledge becomes public, but the payment obligations of Heidelberg Pharma Research will end 10 years after regulatory approval (Marktzulassung) in Europe or the USA of the first contract product. As of today, the Company does not expect such regulatory approval to take place before 2024. An early termination by the licensor is only possible for good cause.

In addition, in preparation of the clinical phase of its lead candidate HDP-101 Heidelberg Pharma has entered into agreements with Celonic and Carbogen in 2016. These service agreements are directed at the establishment of a GMP manufacturing process for HDP-101, including that of its components, i.e. the specific Amanitin derivative, the linker and the antibody. The services to be performed under these agreements are still ongoing. The intellectual property which has been and will be developed under these agreements and pertains to materials provided by Heidelberg Pharma Research is owned by Heidelberg Pharma Research without restriction and without a time limit.

9.12.1.4. Outlicensing Agreements

In June 2017, Heidelberg Pharma Research has concluded a technology research and option agreement with Millennium Pharmaceuticals Inc., a subsidiary of Takeda Pharmaceutical Company Limited (Takeda) for the joint development of ADCs using Amanitin as the payload. Under the terms of the agreement, Heidelberg Pharma Research will produce ATACs using antibodies from Takeda's proprietary portfolio for up to three undisclosed oncology targets. Takeda has an exclusive option for the global license to all product candidates resulting from the collaboration. Takeda would be responsible for further preclinical and clinical development as well as potential commercialization of any products it licenses. Heidelberg Pharma Research will receive an upfront payment and option fee for access to its technology (USD 1 m for the first two research targets and another USD 500 k for the third research target) and ongoing payments for research services (USD 600 k per research target). In addition, under the product license agreement concluded upon exercise of an option by Takeda, Heidelberg Pharma Research is eligible to receive clinical development, regulatory and sales-related milestone payments of up to USD 113 m for each development candidate, as well as royalties (between 3.5%

and 5.0%). The technology research and option agreement expires at the earliest 3 years after the effective date, which is in 2020, but not before completion of the research. Takeda is entitled to terminate the technology option and research agreement at any time and for any reason.

In case of conclusion of a product license agreement, such license agreement will expire with the end of royalty payment obligations, which is 10 years after the first commercial sale of a product or with expiration of the last licensed patent, whichever occurs later, subject to earlier termination for good cause. As licensed patents may still be applied for also during the research period, the term of the licensed patents could extend until 2040, or even beyond in case of patent applications during an extension of the research period, without regard to possible patent extensions under national patent law. Takeda will be entitled to ordinarily terminate the license agreement with 90 days prior written notice.

9.12.2. Contracts entered into by Heidelberg Pharma AG

9.12.2.1. Contracts relating to the antibody Girentuximab

The Company has concluded agreements with Centocor Inc., Malvern, PA, USA (Centocor), and Leiden University, The Netherlands (Uni Leiden), securing non-exclusive rights to use certain cell lines for the manufacturing, development and commercialization of Girentuximab. The agreement with Centocor was concluded in 1999 and will expire 10 years after first commercial sale on a product-by-product basis. The Company does not expect the first commercial sale of a product based on Girentuximab to occur before 2019. The agreement with Uni Leiden was concluded in 2009 and will expire in February 2034, unless it is prolonged by written agreement.

In addition, the Company has inlicensed patents owned by the Biomedical Research Center, Slovak Academy of Sciences, Slovakia (BRC) that cover certain cancer-related genes and proteins, as well as compositions and biological materials derived therefrom. Initially, the respective rights had been licensed by Bayer Healthcare, LLC (Bayer) and sublicensed by Bayer to the Company. Following the termination of the main license agreement between Bayer and BRC, the Company has signed a direct license agreement with BRC in 2017. The agreement grants the Company exclusive rights for the use, development and commercialization of products containing Girentuximab, as well as non-exclusive rights for the use, development and commercialization of products containing other cancer-related genes named MN. The agreement will expire when the last valid claim in the last licensed patent will have expired. The Company does not expect the last licensed patent to expire before 2024. Each party may terminate the agreement extraordinarily for good cause. Also, the Company has an obligation to terminate the agreement if it definitely ceases development and commercialization of products comprised by the licensed patents. BRC has the right to terminate the agreement after May 2022 if the Company cannot prove that a product comprised by the licensed patents is under development or in commercialization.

9.12.2.2. Contracts relating to REDECTANE®

In January 2017, Heidelberg Pharma AG signed a license agreement for REDECTANE® with the Australian company Telix Pharmaceuticals Ltd (Telix). Telix has been granted the worldwide licensing rights to further develop and commercialize the antibody radiolabeled with an isotope. The license is granted exclusively (only regarding the "naked antibody" non-exclusively), regarding the diagnostic field worldwide, regarding the therapeutic field worldwide, except for Spain, Andorra, Portugal, Italy, Greece and Turkey.

The license agreement will be in effect as long as Telix, its affiliates or sublicenses sell or otherwise commercialize REDECTANE®. Telix may terminate the agreement with prior written notice of 180 days. Both parties may also terminate the agreement for good cause. In case of termination by Telix for material breach by Heidelberg Pharma, provided that Heidelberg Pharma does not cure such breach within a reasonable period of time, as well as in case of an insolvency event of Heidelberg Pharma, Telix may request that the license is converted into an irrevocable license, and Telix also has an option to purchase the IP of Heidelberg Pharma licensed under the agreement for a consideration of USD 1.

9.12.2.3. Contracts relating to RENCAREX®

An exclusive sales and marketing agreement for RENCAREX®, as well as an option regarding future Girentuximab products in certain southern European countries, as listed below, has been in place with the Spanish pharmaceutical company Laboratorios del Dr. Esteve S.A., Barcelona, Spain ("Esteve") since 2004.

Esteve was granted the marketing rights for Spain, Italy, Portugal, Greece and Andorra, as well as an option for the Turkish market. Heidelberg Pharma AG could receive license payments for this in case of successful further development and approval. The agreement will expire after the last RENCAREX® product sale made by Esteve. Each party may terminate the agreement extraordinarily for good cause. In addition, Esteve is entitled to terminate the agreement if a patent and know how license expires.

9.12.2.4. Contracts relating to MESUPRON®

In 2006, Heidelberg Pharma AG acquired five patent families and patent applications for its uPA programs from Pentapharm AG, Basel, Switzerland, related to WX-UK1 and MESUPRON®. This patent portfolio provides protection against third-party copies or the therapeutic use of the relevant serine protease inhibitors.

In March 2014, Heidelberg Pharma AG concluded a licensing and development partnership for MESUPRON® with Link Health Co., Guangzhou, China (Link Health). Link Health received the exclusive licensing rights for the development and potential subsequent marketing of MESUPRON® in China, Hong Kong, Taiwan and Macao. Link Health is responsible for performing and financing the entire clinical development of MESUPRON® in China for all oncology indications, as well as for the regulatory process and future marketing of the product. After the end of the royalty term the license becomes royalty-free and irrevocable, whereas the exclusivity restrictions for Heidelberg Pharma expire. The Agreement will remain valid for a period of 10 years, with the possibility of mutual prolongation. This agreement will terminate on a country-by-country basis for MESUPRON®, if a patent in a respective country expires or, if longer, after the tenth anniversary of the first commercial sale of MESUPRON®The agreement will expire after the expiration of the last patent or after the expiration of any regulatory approval. Link Health may terminate the agreement for any reason with prior written notice of 6 months. Both parties may also terminate the agreement for good cause.

In June 2014, Heidelberg Pharma AG signed an exclusive license agreement for MESUPRON® with RedHill Biopharma Ltd., Tel Aviv, Israel (RedHill) under which RedHill acquired the exclusive development and subsequent marketing rights to MESUPRON® in all indications for all territories outside of China, Hong Kong, Taiwan and Macao. In addition to the upfront payment of USD 1 m, which had been paid upon signing of the licensing contract, RedHill will pay potential tiered royalties on net revenues, ranging from mid-teens up to 30%. The Agreement will expire after the expiration of the last patent or after the expiration of any regulatory approval, whichever occurs later. Heidelberg Pharma may terminate the agreement extraordinarily, e.g. in case RedHill does not use commercially reasonable efforts to commercialize the licensed products. Red Hill may ordinarily terminate the agreement with 30 days written notice, as well as extraordinarily for good cause. After an extraordinary termination by Heidelberg Pharma or an ordinary termination by Red Hill, Heidelberg Pharma may request the assignment of any regulatory approval for the licensed products.

9.12.2.5. Financial Contracts

As of October 11, 2016 Heidelberg Pharma AG and its main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany (dievini) signed a subordinated loan agreement for a total amount of EUR 3.7 m, which was paid out at the beginning of November 2016. The loan does not have an expiration date, is unsecured and has an interest rate of 6% per annum. dievini will be entitled to contribute its claims under this loan as a contribution in kind when subscribing for the New Shares.

9.12.3. Commercial Lease Agreement

By commercial lease agreement dated November 2003 Heidelberg Pharma Research rents from the state of Baden-Württemberg buildings on the property Rosenhof, Schriesheimer Straße 101, 68526 Ladenburg. The buildings rented include those existing on the property, including institute building, chemical storage and library/animal stable including one residential building which is subleased for infant care as well as outdoor facilities (e.g. parking spaces, garages, green areas). The commercial lease agreement started on 1 November 2003 for an indefinite term. It can be terminated by both parties by six months' notice to the end of each calendar month. Under commercial lease agreement the Company is responsible for the removal of any radioactive, toxic or any other hazardous substances caused by the Company on the property.

9.13. INVESTMENTS

The following table shows a summary of the Group's investments (at cost) to property, plant and equipment and intangible assets.

EUR	1 Dec. 2016 - 31 Aug. 2017 unaudited	1 Dec. 2015 - 31 Aug. 2016 unaudited	2016 audited	2015 audited	2014 audited
Purchase of property, plant and equipment	**323,017**	**450,166**	**523,613**	**199,101**	**195,797**
Purchase of intangible assets	**9,850**	**0**	**14,256**	**7,924**	**0**
Total	**332,867**	**450,166**	**537,869**	**207,026**	**195,797**

Purchases of property, plant and equipment and intangible assets were at a low level in the fiscal years 2016, 2015 and 2014 as investments for development projects were not capitalized by Heidelberg Pharma Group in accordance with IFRS but were instead fully recognized as research and development expenses.

In the fiscal year 2016, balance sheet additions to property, plant and equipment totaled EUR 524 k (2015: EUR 199 k; 2014: EUR 196 k). The 2016 additions exceeded the level of previous years due to the laboratory expansion at the Ladenburg site.

Although additions to intangible assets in 2016 were higher than in previous years at EUR 14 k (2015: EUR 8 k; 2014: EUR 0), they are not yet of a material size.

An investment of EUR 502 k in mainly new laboratory equipment has been approved for fiscal year 2017, EUR 323 k of which have been spent in the first nine months of fiscal year 2017. Such investments have been financed through existing cash funds.

No further significant investments were made up until the date of the Prospectus.

10. MARKET AND COMPETITION; REGULATORY ENVIRONMENT

10.1. MARKET AND COMPETITION

For Heidelberg Pharma's business activities, a couple of different market segments are relevant. These can be summarized as follows:

- The oncology market as a whole, as
    - ATAC technology is currently used exclusively to explore innovative cancer treatments.
    - The partnered compounds from the clinical WILEX portfolio are future potential oncology therapies (MESUPRON®) or diagnostic agents (REDECTANE®) in oncology
- The market segment of antibodies and of antibody drug conjugates (ADCs) used as oncological therapeutics form a relevant sub-sector of the market
    - The more antibodies are successfully discovered and used the higher is the number of potential ADCs using these antibodies as cancer specific vehicles
    - ATACs are specific ADCs defined by the use of Amanitin as a payload. The market success of ADCs in general is therefore a relevant benchmark for ATAC technology
- Market segment of therapeutic indication

The lead compound HDP-101 has its potential therapeutic use in certain hematological diseases namely Multiple Myeloma (MM), Chronic lymphocytic lymphoma (CLL) and Diffuse Large B-Cell Lymphoma (DBCL). The competitive environment in these markets is of importance to HDP-101

10.2. ONCOLOGY

According to the latest World Cancer Report published by the World Health Organization (WHO) in February 2015, there were 14 million new cases of cancer worldwide in 2012,[20] resulting in more than 8.2 million deaths.[21] US market research institute IMS Health estimates the global oncology market in 2015 was USD 107 bn and that the market will grow between 7.5% and 10.5% to USD 150 bn by 2020.[22] In the Company's view, a continuous increase in innovative therapies is one of the main driving forces in the market.

This growth trend is set to continue beyond 2018. The WHO estimates that the number of new cases of cancer worldwide will rise by 70% in the next 20 years. On the other hand, with restrictions on and increasing debate about the pricing of therapies, as well as an increasing interest by drug development companies in orphan diseases and niche populations, the market is expected to become more fragmented.

10.2.1. Cancer diagnostics: monoclonal antibodies

Monoclonal antibodies are also used in diagnostic imaging as disease-specific contrast agents. According to the BioCentury database BCIQ, four diagnostic antibodies are marketed in cancer indications and one is in registration.[23] Eight technologies are in clinical development, three of which are in Phase III trials. Imaging techniques such as positron-emission tomography (PET) – where radioactive substances are administered to render the tumor visible – play an increasingly important role in tumor diagnosis.

In 2016, the FDA approved an imaging antibody labeled with F-18 for the PET diagnosis of possible recurring prostate cancer and an antibody labeled with gallium-68 for diagnosis of neuroendocrine tumors.[24] Heidelberg Pharma AG has a near-to-market product candidate in this field - the radioactively labeled antibody REDECTANE®. To the best of the Company's knowledge it is the only radiopharmaceutical diagnostic agent for

[20] WHO World Cancer Report

[21] http://www.cancerresearchuk.org/health-professional/cancer-statistics/worldwide-cancer

[22] https://www.imshealth.com/en/about-us/news/ims-health-study-global-market-for-cancer-treatments-grows-to-107-billion-in-2015-fueled-by-record-level-of-innovation

[23] BioCentury database BCIQ as of 16 March 2017, search: imaging agent, radiolabeled antibody

[24] http://www.snmmi.org/NewsPublications/NewsDetail.aspx?ItemNumber=15955

clear cell renal cell carcinoma (ccRCC) in clinical development. Heidelberg Pharma licensed the product candidate to Telix Pharmaceuticals, Australia in early 2017 for further development.

10.2.2. Cancer therapies using monoclonal antibodies

Antibodies are part of the fastest-growing sector in the pharmaceutical industry. Therapies based on monoclonal antibodies continue to be considered among the most promising medical treatment options for cancer or autoimmune diseases. By 2017, the market for these therapeutic agents is predicted to reach USD 31.7 bn, after growing at an annual rate of 10.6%.[25] Approximately 55% of the therapeutic antibodies for cancer therapy are currently in clinical development. In 2016, the FDA approved six antibodies for treatment of different types of cancer.[26]

Cancer immunotherapy antibodies, such as the immune checkpoint anti-PD1 and anti-PD-L1 antibodies, were again the main focus of attention in 2016. According to the Antibody Society, it can be clearly seen that antibody therapies are becoming increasingly diversified.

10.2.2.1. Product candidates using ADCs or similar approaches

Around 40% of the product candidates currently being developed in Phase III are not conventional antibodies; they have added liposomes, radionuclides or toxins or are modified to increase their functionality. Combination therapies of ADCs and checkpoint inhibitors also seem to be an increased focus of development companies.[27]

At the end of 2016, four ADC compounds were in Phase III clinical trials (2015: 2), 16 compounds were in Phase II studies (2015: 11) and nearly 60 (2015: 35) were in Phase I trials. Around 50 ADC candidates are in preclinical testing.[28] The ADC segment is growing and almost all ADCs are being developed as cancer therapies. Roughly 20% of all cancer antibodies currently in clinical development are ADCs. There is a considerable variety of target antigens, compounds and linkers available, not to mention compound-antibody ratios. Over 50 antigens (targets) have been made public, most of which are unique. Popular antigens for a series of ADCs are CD19, CD37, EGFR, HER2 and mesothelin.[29] The rising complexity of the molecules notwithstanding, the growing market of biosimilars (copies of antibodies) will also positively support the trend towards the development of ADCs.[30] As more knowledge and data on this class of compounds are amassed, the faster and more often new ADCs will enter the market and join the two approved ADC products – brentuximab vedotin (Adcetris®) by Seattle Genetics and ado-trastuzumab vedotin (Kadcyla®) by Roche.

10.2.2.2. Clinical news on ADCs

Positive data from various ADC trials were presented at the major annual cancer conventions of ASCO and ESMO, and at the World ADC Conference.[31] Adcetris®, for instance, completed a Phase III trial in an additional indication (Cutaneous T Cell Lymphoma, CTCL) with a positive outcome and Seattle Genetics indicated it would apply for regulatory approval for this indication in 2017. In a combination trial with the checkpoint inhibitors, Opdivo® and Yervoy® – both developed by Bristol-Myers Squibb – AbbVies Rova-T-ADC showed survival advantages and improved response rates for small-cell lung cancer (SCLC). Nevertheless there were also setbacks. At the end of December 2016, the FDA ordered the discontinuation of the vadastuximab talirine trial being conducted by Seattle Genetics due to deaths resulting from hepatic toxicity in one Phase I/II trial with patients with Acute Myeloid Leukemia (AML).[32]

In the last months, further clinical data have been presented on antibody drug candidates (ADCs) for cancer therapy, and regulatory milestones have been reached. In April, the EMA Committee for Medicinal Products for

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25 GBI Research, Monoclonal Antibodies Market to 2017 - Multiple Indication Approvals and the Potential for MAbs in Oncology and Autoimmune Diseases are Re-Shaping the Market, December 2011

26 http://www.fda.gov/Drugs/DevelopmentApprovalProcess/DrugInnovation/ucm483775.htm

27 http://www.antibodysociety.org/antibodies-watch-2016-mid-year-update/

28 BioCentury data base BCIQ, as of 5 January 2017

29 http://www.antibodysociety.org/antibodies-watch-2016-mid-year-update/

30 http://www.antibodysociety.org/antibody-drug-conjugates-spotlight/

31 http://www.antibodysociety.org/phase-data-enfortumab-vedotin-world-adc-awards/

32 http://www.businesswire.com/news/home/20170619005466/en/Seattle-Genetics-Discontinues-Phase-3-CASCADE-Trial

Human Use (CHMP) adopted a positive opinion for Besponsa inotuzumab ozogamicin, an ADC jointly developed by UCB and Pfizer for the treatment of refractory or relapsed CD22-positive B-cell precursor acute lymphoblastic leukemia (ALL).[33] In addition to Pfizer, other major pharmaceutical companies are working with ADCs: Bristol-Myers Squibb and Seattle Genetics are about to start an international, open-label Phase III trial of brentuximab vedotin (Adcetris®) developed by Seattle Genetics, with and without the checkpoint inhibitor Opdivo® for the treatment of patients with relapsed/refractory or transplant-eligible advanced classical Hodgkin's lymphoma.[34] Additionally, Genmab reported data from a Phase I/II trial in cervical cancer using an auristatin derivate as a payload.

10.2.2.3. Current ADC market

As of today, only Adcetris® (brentuximab vedotin, since 2011 in the US, 2012 in EU) and Kadcyla® (ado-trastuzumab emtansine, since 2013 in the US and the EU) are commercially available globally (Zevalin® approved in China only). In January 2017 the FDA accepted Pfizer's Biologics License Application (BLA) for gemtuzumab ozogamicin for filing by the FDA. In addition, a Marketing Authorization Application (MAA) for review by the European Medicines Agency (EMA) was validated in December 2016.

The ADC market was worth approximately USD 900 m in 2015 with just two approved drugs Adcetris and Kadcyla, and its potential remains very large. There are around 300 projects in development: 42% in preclinical stage; 19% in Phase 1; 11% in Phase II; and 3% in Phase III. The global market for antibody drug conjugates was valued at USD 1.3 bn in 2016 and is expected to reach USD 4.2 bn by 2021, growing at a compound annual growth rate or CAGR of 25.5% from 2016 to 2021. To date, 182 companies (108 in US; 53 in EU; 16 in Asia; 5 in ROW) are actively developing ADCs[35].

According to Visiongain Ltd, the global next-generation antibody therapies market, which includes antibody-drug conjugates, is expected to grow at a CAGR of 35.9% in the first half of the forecast period until 2022. The market is expected to grow at a CAGR of 22.4% from 2016-2027. The market is estimated at USD 3.1 bn in 2016 and USD 14.1 bn in 2021[36].

10.2.2.4. Competitive Environment for ADC Payloads

Most relevant payloads used for ADC can be categorized as tubulin inhibitors, DNA damaging compounds, and RNA inhibitors. The figures below show the distribution of various payloads among clinical trials as well as the focus of a number of companies with active ADC research programs[37]. The increase in the number of competitive projects and the diverse limitations of current products (hard-to-control toxicities such as peripheral neuropathy, high lipophilicity of most toxins causing manufacturing problems, resistance to mechanism of action of payloads and due to being a substrate for drug efflux pumps, selective cytotoxicity to dividing tumor cells) have increased the demand for payloads with an entirely different mode of action.

HDP uses a highly potent, and very specific RNA Polymerase II inhibitor, namely Amanitin for its ADCs. To the best of its knowledge Heidelberg Pharma Research is the first company developing this mode of action in the field of ADCs.

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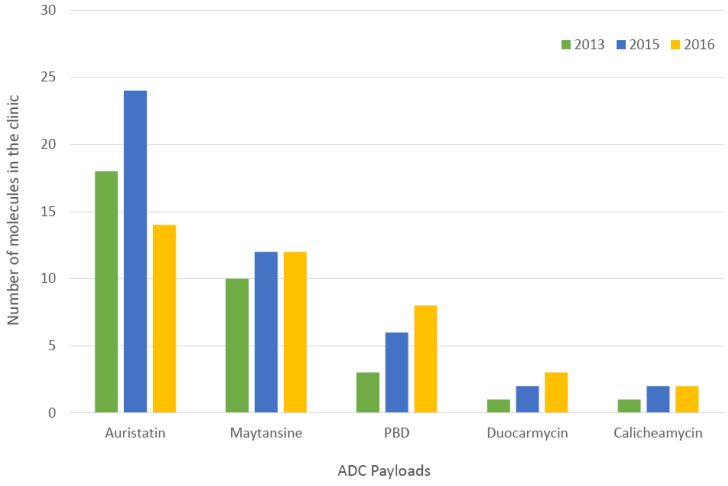
33 BioCentury Week in Review, Clinical News / Regulatory. Julian Zhu – Besponsa Regulatory Update; Apr 26, 2017

34 BioCentury Week in Review, Company News / Deals. Shannon Lehnbeuter – Seattle Genetics and BMS Combining Adcetris and Opdivon in Ph III Trial; Jun 16, 2017

35 July 2017: https://adcreview.com/tag/adc/. Antibody-drug Conjugates: Technologies and Global Markets

36 June 30, 2017: https://adcreview.com/tag/adc/. Market Growth, Demand, Trends and Share of Antibody-drug Conjugates (2017 – 2025)

37 October 2016: http://worldadc-usa.com/wp-content/uploads/sites/99/2016/10/World-ADC-part-1.pdf



Payload	Company
Auristatins and derivatives	AbbVie Inc.
	ACES Pharma
	Agensys Inc.
	Ambrx Inc.
	Celldex
	Genentech
	Genmab
	GlaxoSmithKline
	Seattle Genetics
Vinblastine and derivatives	Endocyte, Pierre Fabre
Amberstatin	Ambrx Inc.
Maytansine and derivatives	ACES Pharma
	Amgen
	Bayer
	BioTest
	Biogen
	Genentech
	Immunogen
	Oxford Bio Therapeutics
	Sanofi
Dolastatins	Mersana

Payload	Company
PBD and Other G-alkylating Agents	ADC Therapeutics
	StemCentrx (recently acquired by AbbVie Inc.)
	ImmunoGen
	Sanofi
	Pierre Fabre
	Tanabe Research Labs
	Seattle Genetics
	BMS
	Femtogenix
	Genentech
Calicheamicins	Pfizer
Duocarmycins	BMS
	Synthon
	Pfizer
	Genentech

10.2.2.5. Tubulin inhibitors and DNA damaging compounds as toxic payloads[38]

Auristatins block tubulin assembly and cause G2/M phase cell cycle arrest; they are the most commonly used payloads, accounting for a majority of cytotoxic payloads used in ADCs currently investigated. Monomethyl auristatin E, an auristatin derivative (MMAE) is the cytotoxic payload of brentuximab vendotin (Adecetris®) and has a free drug IC50: 10−11 to 10−9 M allowing it to be effective in the low nanomolar range. The most common adverse reactions were peripheral sensory neuropathy, neutropenia, fatigue, nausea and thrombocytopenia. In USA, Adcetris® carries a black box warning for progressive multifocal leukoencephalopathy. The most commonly used auristatins (MMAE) (and also calicheamicin, see below) are substrates of P-glycoprotein which has been related to drug resistance and failure of treatment in heavily pre-treated patients. Tubuline inhibitors such as the auristatins reportedly act on dividing tumors cells only.

Maytansinoids, another class of tubulin inhibitors, have also been used successfully in the ADC development. The cytotoxic payload of trastuzumab emtansine (T-DM1) DM1 is a highly potent maytansinoid, developed by Immunogen, with a free drug IC50: 10−11 to 10−9 M. T-DM1 (Kadcyla®) has been approved in the second line setting by the FDA in 2013 for HER-2-positive patients who had previously received treatment with trastuzumab

38 Diamantis N, Benerji U. Br J Cancer, v.114(4); 2016 Feb 16. PMC4815767

and taxane chemotherapy. T-DM1 has an overall tolerable toxicity profile with most common adverse events being fatigue, transaminitis, nausea, thrombocytopenia and rash. In USA, T-DM1 carries black box warnings for hepatotoxicity, embryo-fetal and cardiac toxicity P<0.001). Another maytansinoid drug, DM4 incorporated on SAR3419, is being investigated in phase II trials exhibiting significant 'bystander effect' as the ADC's metabolites have lipophilic properties allowing crossing of the cellular membrane. As the auristatins, maytansinoids do not kill non-dividing tumor cells.

Another group of tubulin inhibitors is the cyanobacteria derived cryptophycins. **Cryptophycins**, are 5 – 10 times more potent than the already DM4 highly potent maytansinoid (DM4) and monomethyl auristatin E (MMAE). Cryptophycins were originally obtained from cyanobacteria. One of the major limitations in the use of microtubule-targeted agents, including cryptophycin, is the high rate of peripheral neurotoxicity, a major potentially dose-limiting side effect induced by these compounds. A synthetic analogue, known as cryptohycin-52 (LY355703), a novel antitubulin drug with in vitro and in vivo activity in non-small cell lung cancer (NSCLC) has been investigated in clinical trials. The development of the trial drug was discontinued because of lack of responses in patients with advanced NSCLC in spite of significant neurological toxicity3.

Duocarmycin is a powerful cytotoxic alkylating compound that binds to the minor groove of DNA and has shown activity against various multidrug-resistant models.

Calicheamicin is a potent antitumor antibiotic that causes double-strand DNA breaks and rapid cell death by binding to the DNA's minor groove. It is less dependent on cell cycle progression making it potentially useful in case of lower rates of tumor cell proliferation. Gemtuzumab ozogamicin and other ADCs such as inotuzumab ozogamicin in non-Hodgkin lymphoma and MDX-1203 in renal cancer are using these agents.

Some of the novel, potent, payloads being developed to be an integral part of novel ADCs have picomolar [a] to femtomolar [b] IC50. These novel payloads include pyrrolobenzodiazepine or pbd-dimers and others. **Pyrrolobenzodiazepine** dimers have been shown to have broad spectrum anti-tumor activity in vivo. These novel drugs exert their activity by binding in the minor groove of DNA and linking the two DNA strands together in a way that cells find difficult to recognize and repair[39].

10.2.2.6. New payload: Amanitin

Heidelberg Pharma works with the toxin Amanitin, a member of the Amanitin group of natural poisons occurring in the death cap mushroom (Amanita phalloides). These second-generation ADCs, known as ATACs, are being developed based on a related innovative mode of action (inhibition of RNA polymerase II). ATACs are characterized by improved efficacy, including on dormant tumor cells, which are rarely reached with existing standard therapies and contribute to tumor recurrence and resistance formation[40]. These ATACs are also being developed to treat tumors that no longer respond to standard chemotherapy or anti-tumor antibodies. Based on its data, Heidelberg Pharma expects that selective treatment of tumors using cytotoxins via specific ADCs could result in more effective cancer treatments with acceptable side effect profiles.

10.2.3. Deal flow and financing in the field of ADC technologies

M&A, licensing and financing activity was brisk again in 2016, which saw twelve ADC transactions and at least five major financing deals.

AbbVie purchased the ADC producer Stemcentrx for around USD 2 bn in cash plus USD 3.8 bn in shares. In addition, Stemcentrx shareholders will receive payments of up to USD 4 bn if certain milestones are achieved.[41] The lead ADC compound is Rova-T and in Phase III. Further transactions and licensing deals were concluded between Seattle Genetics/Takeda Pharmaceuticals, Mersana Therapeutics/Takeda Pharmaceuticals, Chiome Bioscience/ADC Therapeutics, Nerviano Medical Sciences/Oxford BioTherapeutics, AbbVie/Bristol-Myers Squibb, Synaffix/ADC Therapeutics and Synthon/MacroGenics, among others.

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39 March 2015: https://adcreview.com/adc-university/adcs-101/cytotoxic-agents/pyrrolobenzodiazepine-pbd/

40 J Natl Cancer Inst. 2012 Apr 18;104(8):622-34.

41 http://www.reuters.com/article/idUSASD08FRW

Notable financing deals included: ADC Therapeutics (Switzerland) - USD 105 m private financing round, Fortis (USA) – founding of company and USD 18 m series A round, Ambrx (USA/China) - USD 45 m financing and Mersana (USA) - USD 33 m series C round, Immunomedics Inc. (USA) – USD 30m follow-on, NBE Therapeutics, (Switzerland) – 20 m CHF series B financing.

In 2017 there also were some interesting developments on the transactions side for ADC companies. Sanofi amended the financials of its deal with Immunogen: In exchange for USD 30 m, the partners eliminated potential milestones or royalties payments Immunogen was eligible to receive under two deals involving five compounds.[42] Swiss-based Debiopharm paid a total of USD 55 m to acquire the rights to an ADC from Immunogen that targets the widely expressed molecule CD37. DEBIO 1562 is to be tested in leukemia indications in Phase II trials.[43] Following a Series C financing of USD 33 m, the US-based company Mersana completed an initial public offering (IPO) at the end of June, listing on the NASDAQ and raising USD 75 m.[44] In July, OBI PHarma signed a licensing agreement and a master services and clinical supply agreement with Abzena plc which grant to OBI worldwide rights to Abzena's ThioBridge ADC linker technology for the development and manufacturing of OBI-999 and other ADC products against payment of a small initial up-front payment and milestone payments of up to a total of 128 m GBP, as well as royalty payments.[45]

Heidelberg Pharma Research has an innovative, promising ADC technology platform featuring Amanitin that could participate in this growth market.

10.2.4. Current Disease areas relevant for HDP-101

The most advanced drug candidate under development is HDP-101 for treatment of Multiple Myeloma as the first indication. HDP-101 is based on a BCMA antibody conjugated to an Amanitin derivative and according to the protein binding properties might apply to a series of other B-cell malignancies such as chronic lymphocytic leukemia (CLL), and diffuse large B-cell lymphoma (DLBCL). According to WHO classification ICD-10 (2016) these diseases belong to the large group of B-cell related non-hodgkin lymphomas listed in C83, C90, C91 in ICD-10 (2016)[46].

Besides HDP-101 Heidelberg Pharma Research has other ATAC candidates in early stage development. Given this early stage market positioning seems still premature. Therefore, the focus lies on HDP -101 in this overview.

10.2.5. Multiple Myeloma

Multiple myeloma ('MM') is a hematological malignancy characterized by the proliferative disorder of plasma cells in the bone marrow with excessive monoclonal protein production. Median age at diagnosis is 69 years. The incidence rate is between 4 and 11 per 100,000 persons in the seven major markets. It is less common in Japan (4.1 per 100,000) and more common in Europe (e.g., Italy: 10.4 per 100,000)[47]. Risk factors for MM are ill defined, but likely risk factors are monoclonal gammopathy of undetermined significance, obesity, black race, and age. As illustrated in the table below, median survival for newly diagnosed MM is between 29 months (stage III) and 62 months (stage I)[48]. MM cannot be cured, but several new drugs are available to manage patients with MM.

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42 BioCentury Week in Review, Company News / Deals. Alicia Parker – Sanofi, Immunogen amend financials of ADC Deals; Jun 2, 2017

43 www.biopharmadive.com/news/immunogen-sells-off-adc-to-debiopharm/443414/

44 BioCentury Week in Review, Financial News / Proposed Offerings. Alicia Parker – Mersana proposes $75M IPO; Jun 9, 2017

45 https://markets.ft.com/data/announce/detail?dockey=1323-13290248-00VETOKK7267S6OAA08CQ21D7F

46 http://apps.who.int/classifications/icd10/browse/2016/en#/C00-C97

47 Bioscience Valuation BSV GmbH calculation, Market Potential of Heidelberg Pharma's CD29 ATAC ADC (05-2016)

48 http://www.cancer.org/cancer/multiplemyeloma/detailedguide/multiple-myeloma-survival-rates

International Staging System Stage	Median Survival
Stage I	62 months
Stage II	44 months
Stage III	29 months

10.2.5.1. Standard Treatments of Multiple Myeloma

MM is a highly heterogeneous disease with multiple molecularly-defined subtypes[49]. In general, autologous stem cell therapy ("ASCT") and high-dose (chemo) therapy ("HDT") lead to an overall survival ('OS') of 44-48 months in the first-line setting[50]. More recently approved drugs, often 2nd line, have limited response rates and efficacies as measured by progression-free-survival (PFS) and duration-of-response (DOR).

10.2.5.2. Current treatment options for relapsed Multiple Myeloma

The treatment of relapsed patients appears to be dominated by at least four different regimens/drugs. The higher median PFS and median OS of RVD and bortezomib are explained by the fact that those drugs are typically used earlier compared to pomalidomide and carfilzomib.

Indication	Therapy	Trial Name	Line of Treatment	Efficacy[1,2]		
				ORR	median PFS	median OS
Multiple Myeloma	RVD (lenalidomide, bortezomib, dexamethasone)		relapsed MM		9.5 months	26 months
	Velcade (bortezomib)	APEX	relapsed MM	38%	6.2 months	29.8 months
	Pomalyst (pomalidomide)	MM-002 MM-003	at least 2 prior therapies	33%	4 months	16 months
	Kyprolis (carfilzomib)	FOCUS	salvage setting (patients have received all marketed therapies)	19%	3.7 months	10.2 months

1. *Prescribing Information*
2. *seer.cancer.gov*

Published with courtesy from Bioscience Valuation BSV GmbH, Grainau (Germany)

10.2.5.3. Patients with relapsed Multiple Myeloma possibly eligible for HDP-101 treatment

Based on HDP's Target Product Profile and internal research results to date, the Company assumes that HDP-101 could be given fourth-line and that it could be compared and combined with Pomalyst. Around 25,000 MM patients are estimated to be eligible for treatment with HDP-101. [51]

10.2.5.4. Competitors in Multiple Myeloma

Based on GlobalData, for Multiple Myeloma there are 3 projects in Pre-Registration, 8 projects in Phase III, 70 in Phase II, 64 in Phase I, and 93 in Preclinical development. [52] According to an analysis made by Bioscience Valuation BSV GmbH (Grainau, Germany) it is assumed that from 10 ADCs (4 currently in clinical Phase II)

49 Prideaux et al. The Genetic Architecture of Multiple Myeloma. Advances in Hematology (2014)

50 Kalff et al. The t(4;14) translocation and FGFR3 overexpression in multiple myeloma: prognostic implications and current clinical strategies. Blood Cancer Journal (2012) 2, e89; doi:10.1038/bcj.2012.37; Gertz MA, Lacy MQ, Dispenzieri A, Greipp PR, Litzow MR, Henderson KJ et al. Clinical implications of t(11;14)(q13;q32), t(4;14)(p16.3;q32), and -17p13 in myeloma patients treated with high-dose therapy. Blood 2005; 106: 2837–2840.
Chang H, Sloan S, Li D, Zhuang L, Yi QL, Chen CI et al. The t(4;14) is associated with poor prognosis in myeloma patients undergoing autologous stem cell transplant. Br J Haematol 2004; 125: 64–68

51 Bioscience Valuation BSV GmbH calculation: Market Potential of Heidelberg Pharma's CD269 ATAC ADC (05-2016)

52 Bioscience Valuation BSV GmbH calculation: Market Potential of Heidelberg Pharma's CD269 ATAC ADC (05-2016)

only one will ultimately reach market approval. Only one of these ten ADCs (GSK-2857916 from GSK) shares the same target BCMA as HDP-101. However, GSK's antibody is coupled with a tubuline inhibitor of the class of auristatins whereas HDP-101 uses a synthetic Amanitin as payload. The following table provides an overview of current ADCs in development for multiple myeloma.

Clinical stage ADC competitors in the multiple myeloma field

Drug	Development Phase	MOA	Originator	Licensee
Adcetris	Phase II	Tubulin Inhibitor	Seattle Genetics	Takeda
GSK-2857916	Phase II	B-cell maturation antigen antagonist	Seattle Genetics	GSK
indatuximab	Phase II	Microtubule inhibitor, immunostimulant	Biotest	ImmunoGen
milatuzumab-doxorubicin	Phase II	DNA topoisomerase II inhibitor	Immuno-medics	/
AMG-224	Phase I	Unknown	Amgen	/
SGN-CD352A	Phase I	DNA inhibitor	Seattle Genetics	/

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Based on latest news Celgene and Sutro will also collaborate on BCMA-ADC for the treatment of Multiple Myeloma with an undisclosed payload[53].

10.2.6. Chronic Lymphocytic Leukemia CLL - Disease and treatment

CLL is primarily a disease of older adults, with a median age of 70 years at the time of diagnosis.[54] The incidence of CLL increases quickly with advanced age. CLL is usually first suspected upon diagnosis of lymphocytosis, an increase in a type of white blood cell, on a complete blood count test. This frequently is an incidental finding on a routine physician visit.

The diagnosis of CLL is based on the demonstration of an abnormal population of B lymphocytes in the blood, bone marrow, or tissues that display an unusual but characteristic pattern of molecules on the cell surface. In addition, all the CLL cells within one individual are clonal, that is, genetically identical. In CLL, B cells grow in an uncontrolled manner and accumulate in the bone marrow and blood, where they crowd out healthy blood cells. Patients with CLL may have enlarged, but painless, lymph nodes, experience fatigue, fever, pain in the upper left portion of the abdomen, which may be caused by an enlarged spleen, night sweats, weight loss and suffer from frequent infections.

The decision to start CLL treatment is taken when the patient's clinical symptoms or blood counts indicate that the disease has progressed to a point where it may affect the patient's quality of life. CLL is treated by chemotherapy, radiation therapy, biological therapy, or bone marrow transplantation. Chemoimmunotherapy with FCR (fludarabine, cyclophosphamide, and rituximab) has shown to improve response rates, progression-free survival, and overall survival in a large randomized trial in CLL patients. Idelalisib (Zydelig) is a second-line drug, in combination with Rituximab, for patients whose chronic lymphocytic leukemia (CLL) has relapsed. Zydelig was approved by FDA in 2014.

10.2.7. DLBCL_ Disease and treatment

DLBCL (Diffuse Large B-cell Lymphoma) is an aggressive, fast-growing lymphoma that can arise in lymph nodes or outside of the lymphatic system, in the gastrointestinal tract, testes, thyroid, skin, breast, bone, or brain. Often, the first sign of DLBCL is a painless, rapid swelling in the neck, underarms, or groin that is caused by

53 http://www.sutrobio.com/sutro-celgene-to-refocus-2014-immuno-oncology-collaboration-on-four-programs

54 Bioscience Valuation BSV GmbH calculation: Market Potential of Heidelberg Pharma's CD269 ATAC ADC (05-2016)

enlarged lymph nodes. For some patients, the swelling may be painful. Other symptoms may include night sweats, fever, and unexplained weight loss. Patients may notice fatigue, loss of appetite, shortness of breath, or pain. DLBCL has an overall 5-year survival rate of 62%, which is below the average of all NHL patients[55].

Current treatment of DLBCL typically includes Rituximab as first line therapy. Second-line treatments either involve rituximab in combination with other drugs, such as R-CHOP or are based on lenalidomide or bendamustine. R-CHOP is a combination of rituximab with three chemotherapy agents (cyclophosphamide, doxorubicin, vincristine), and one steroid (prednisone). Radiation therapy is often part of the treatment for DLBCL. It is commonly used after completion of chemotherapy. The objective response rate (less than 50%) and progression-free survival (few months) rates are low and a high medical need exists for this indication. [56]

10.2.8. Competitors in CLL and DLBCL

At present, there is no antibody-drug conjugate marketed for the treatment of CLL or B-cell lymphomas like DLBCL. For both indications combined, there are six ADCs in Phase II development, nine projects in Phase I development, and nine in preclinical development. Six of these ADCs consist of a tubuline inhibitor as a payload. Two ADCs, denintuzumab under development by Seattle Genetics and coltuximab under development by Sanofi (both in clinical phase II) are directed to the CD19 tumor-associated antigen. In both cases, payloads are tubuline inhibitors. The tables below shows clinical stage ADC competitors for CLL and DLBCL.

To best of the Company's knowledge no ADC is under development using an Amanitin or related toxic payload apart from HDP's anti-CD19 ADC.

Clinical stage ADC competitors for CLL

Drug	Development Phase	MOA	Originator	Licensee
milatuzumab-doxorubicin	Phase II	DNA topoisomerase II inhibitor	Immuno-medics	/
AGS-67E	Phase I	Tubulin inhibitor, CD37 antagonist	Astellas Pharma	Seattle Genetics
ADCT-301	Phase I	DNA inhibitor	Auven Therapeutics	Genmab
naratuximab	Phase I	Microtubule inhibitor	ImmunoGen	Debiopharm

Clinical stage ADC competitors for DLBCL

[55] http://seer.cancer.gov/statfacts/html/nhl.html

[56] Bioscience Valuation BSV GmbH calculation: Market Potential of Heidelberg Pharma's CD269 ATAC ADC (05-2016)

Drug	Development Phase	MOA	Originator	Licensee
Adcetris	Phase II	Tubulin Inhibitor	Seattle Genetics	Takeda
coltuximab	Phase II	Microtubule inhibitor, Tubulin inhibitor	ImmunoGen	Sanofi
denintuzumab	Phase II	Tubulin polymerization inhibitor	Seattle Genetics	/
naratuximab	Phase II	Microtubule inhibitor	ImmunoGen	Debiopharm
polatuzumab	Phase II	Tubulin inhibitor	Roche	Seattle Genetics
ADCT-402	Phase I	DNA inhibitor	Auven Therapeutics	/
SGN-CD19B	Phase I	CD19 antagonist	Seattle Genetics	/
AGS-67E	Phase I	Tubulin inhibitor, CD37 antagonist	Astellas Pharma	Seattle Genetics
GSK-2857916	Phase I	B-cell maturation antigen antagonist	Seattle Genetics	GSK
ADCT-301	Phase I	DNA inhibitor	Auven Therapeutics	Genmab
IGN-002	Phase I	CD20 antagonist	ImmunGene	Valor Biotherap.
RG-7986	Phase I	Unidentified pharmacological activity	Roche	Seattle Genetics

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10.2.9. CAR-T Cell Technologies and others as Competitors

In the recent years immuno-oncology approaches have gained a lot of attention and have been successfully applied in the treatment of patients. The most prominent technology in the area of leukemia are CAR-T cell approaches.

CAR-T cell therapy is a custom-made therapy for each single patient. The patient's own T-cells are collected, genetically reprogrammed in a lab, and injected back into the patient. The reprogramming involves inserting an artificially designed gene into the T-cell genome, which helps the genetically reprogrammed cells find and destroy cancer cells throughout the body. Recently CAR-T cells artificially expressing the BCMA chimeric antigen receptor (CAR) T, targeting BCMA, were investigated in a small clinical trial in China[57]. The trial resulted in 33 out of 35 (94%) patients experiencing clinical remission of multiple myeloma. Of 19 patients followed for more than four months, a pre-set time for full efficacy assessment by the International Myeloma Working Group (IMWG) consensus 14 have reached stringent complete response (sCR) criteria, one patient has reached partial response, and four patients have achieved very good partial remission criteria in efficacy. Cytokine release syndrome, a common and potentially dangerous side effect of CAR- T cell therapy, occurred in 85% of patients, but in this study was only transient. In the majority of patients symptoms were mild and manageable. Cytokine release syndrome is associated with symptoms such as fever, low blood pressure, difficulty breathing, and problems with multiple organs. Only two patients on this study experienced severe cytokine release syndrome (grade 3) but recovered upon receiving tocilizumab (Actemra, an inflammation-reducing treatment commonly used in clinical trials of CAR T-cell therapy). No patients experienced neurologic side effects, another common and serious complication from CAR T-cell therapy: patients often experience memory loss, hallucinations, and swelling of the brain, reasons are not yet known[58].

[57] June 2017. ASCO Meeting: Durable remissions with BCMA specific chimeric antigen receptor (CAR)-modified T cells in patients with refractory/relapsed multiple myeloma.

[58] http://www.onclive.com/publications/oncology-live/2017/vol-18-no-4/pivotal-year-looms-for-car-tcell-therapies?p=3

The side effects associated to CAR-T therapy potentially are so threatening and severe that few institutions have specialized teams to handle them, such as the "cytokine storm" team that is on call at MD Anderson with unique expertise and special biologic drugs to reverse these effects. But, at this time, this kind of team isn't usually found at the community hospital level. In any case, careful deliberation for each case of treatment with CAR-T will be needed. In addition the B cells targeted by the therapy will most probably remain deleted as long as the CAR-T cells remain and grow within the patient, which might lead to a loss of immune system activity.

Financial analysts tend to estimate that the price will be several hundred thousand dollars per patient, often on top of the already high cost of hematopoietic stem cell transplantation. A cost-effectiveness analysis sees a putative acquisition price of almost 360,000 GBP in a bridging scenario to hematopoietic stem cell transplantation justified if therapy leads to an increase in life-span of eight years or more. In a curative attempt the putative price of almost 600,000 GBP would be justified in case of an increase in life-span of around 11 years[59]. Much of it reflects the high cost of making a custom treatment from the individual T cells of each patient.

Heidelberg Pharma believes that CAR-T cell therapies will be an add-on for a selected group of patients rather than a replacement for ADCs. The latest deal of Celgene with Sutro points to a synergistic or complementary potential as Celgene is obviously following a three-pronged strategy of CAR-T, bi-specific antibodies and ADCs within its portfolio[60].

Others

Other approaches are under development with little data publicly available. For example Molecular Templates uses Engineered Toxin Bodies (ETBs). According to Molecular Templates ETBs are potent recombinant immunotoxins that combine the specificity of an antibody fragment with the powerful direct cytotoxicity of the Shiga-like toxin A subunit (SLTA)[61]. ETBs induce their own internalization, route through the cell and enzymatically and irreversibly destroy ribosomes to shutdown protein synthesis and induce apoptosis in tumor cells. Major drawbacks are the immunogenicity of SLTA and CMC. Major advantages are the Novel MOA (ribosomal destruction) and that no internalization is needed. ETBs are not comparable to ADCs and they are in the same competitive space like CAR, bispecifics and naked antibodies. They are aiming for a new treatment modality for cancer.

10.3. REGULATORY ENVIRONMENT

HDP is focused on the discovery and development of specific antibody – drug conjugates or in brief, ADC. A recent review on ADCs has been published by InPress Media Group, LLC (Antibody-Drug Conjugates: Manufacturing Challenges and Trends by Scanlan C. et al., March 2017).

With regard to market and competition we have to deal with two market perspectives:

- Market for specific diseases for proprietary portfolio. Heidelberg Pharma is building an own portfolio of drug candidates based on the payload and antibodies we license from third parties. These antibodies bind to cell surface proteins that are specific for certain oncology disease areas. ATAC molecules will have to compete with other ADCs as well as other non-ADC treatments in those areas. The most advanced candidate HDP-101 is supposed to be used in different forms of hematological diseases like Multiple Myeloma, Chronic Lymphocytic Leukemia and Diffuse Large B-Cell Lymphoma.
- Market of competing payloads for different ADCs, as we offer the payload technology to collaborate with third parties like Takeda, whereby these partners want to use the payload for their antibodies in different and yet undefined indications.

[59] https://www.ncbi.nlm.nih.gov/books/NBK424734/

[60] http://www.sutrobio.com/sutro-celgene-to-refocus-2014-immuno-oncology-collaboration-on-four-programs/

[61] http://mtem.com/etb-platform/

10.3.1. Regulatory environment

Preclinical studies and clinical trials, manufacturing as well as potential future labelling, distribution, sale, marketing, promotion and advertising of Heidelberg Pharma's products, as well as research and development activities, are or will be subject to extensive regulatory law rules laid down by various government bodies in Germany and the other Member States of the European Union (EU), by the EU itself, the USA and other countries. Drug authorization is obtained on the basis of documentation submitted by the applicant to verify the quality, efficacy and safety of a product. Many countries, including the EU Member States and the USA, have set extensive requirements in terms of tests and/or trials as well as the data submitted, and carry out stringent technical controls. In addition, there may be differences between the stipulations of pharmaceutical licensing authorities, including the FDA, the German Federal Institute for Drugs and Medical Devices (BfArM), the European Medicines Agency (EMA) and other national authorities. Consequently, this can result in refusal of product authorization at a national level or makes authorization subject to specific obligations, even if other licensing authorities may have already granted approval.

Preclinical laboratory and animal studies, clinical research and drug authorization are lengthy, cost-intensive processes. Clinical trials on humans are subject to the prior authorization of the competend bodies. They are performed to gather data and information on the effect, safety and efficacy of drugs in relation to the intended purpose and to establish the appropriate dosage as well as other conditions for use. Phase I clinical trials are conducted on a small number of healthy volunteers or, e.g. in case of cytostatics, patients. They are designed to establish the effects on metabolic processes and the pharmacological activity of products, test safety and obtain a clue on its efficacy at an early stage, if possible (Human Pharmacology). Phase II clinical trials involve controlled studies in a limited number of patients to determine the efficacy of the product on specific indications and to identify the short-term side-effects and risks of the product (Therapeutic Exploratory). Phase III trials are usually randomized double blind controlled studies which are conducted on larger numbers of patients to reliably establish the clinical efficacy and side-effect profile with a larger patient group (Therapeutic Confirmatory). They often involve larger patient groups at a number of different study centers, and even prescribing products to chronically ill patients to establish a product's basic risk-benefit ratioThere are two main factors which govern the progress of clinical trials: first, the options available with regard to recruiting patients for participation in the research program and, second, whether there are other effective treatments for the disease the new drug is targeting. Recruiting patients primarily depends on the prevalence and severity of the disease as well as the alternative treatments that are available. In general, at least two independent successful phase III trials are required to file for marketing authorization. In the USA and countries of the EU, the marketing authorization required may take anything between six months and four years from the application date. As cell therapy, tumor vaccines and comparable therapeutic approaches are still relatively new technologies, the licensing authorities may require further supplementary tests. These requirements may lead to considerable delays in starting clinical trials and the authorization process.

Once a product is authorized, its safety, manufacture and marketing are still monitored at regular intervals. In a worst-case scenario, drugs may have to be taken off the market and/or have their authorization revoked if current regulations change, authorization terms or regulatory law requirements are breached or problems arise in the risk/benefit assessment, manufacturing process and sale of such products. Consequently, there are major financial implications.

10.3.2. The European Union

There are several European Community directives, which govern the testing, manufacturing, labelling, transport, and marketing of pharmaceutical products. These rules include specifications for maintaining certain quality standards of pharmaceutical products as well as for conducting preclinical laboratory and animal studies and clinical trials. Generally accepted guidelines have also been issued on how laboratories should be run. Manufacturers of pharmaceutical products who operate in the EU must have the relevant authorization and meet the requirements of good manufacturing practices (GMP), which establish minimum production facility standards. Anyone who fails to meet these standards may find their production authorization suspended or even revoked. Distributing pharmaceuticals within the EU is subject to a range of EU regulations and good distribution practice guidelines.

EU legislation provides for a number of parallel pharmaceutical licensing procedures, specifically: Centralized, decentralized, mutual recognition and national procedures.

The centralized procedure is mandatory for and limited to selected pharmaceuticals, and starts when an application is submitted to the EMA. The European Commission then either does or does not grant authorization on the advice of the EMA's scientific committee.

Under the decentralized procedure, applicants apply for marketing authorization in a number of Member States simultaneously. One Member State (the Reference Member State) then takes the lead in assessing the authorization documents, and discusses these with the others Member States (Concerned Member States). The procedure concludes when all the Member States involved collectively decide whether or not to grant authorization.

Under the mutual recognition procedure (MRP), drugs are initially authorized in a single Member State, which the other Member States then recognize as a general rule. The decentralized procedure will replace this type of regulatory procedure in the future.

Where drugs are authorized nationally, authorization is granted by the competent authority of the Member State concerned, but is not valid for any other EU-Member State. The drug can therefore only be marketed in that particular Member State.

Modifications of the product and/or its manufacturing process may lead to changes of the marketing authorization which may result in additional costs for the marketing authorization holder.

10.3.3. Germany

The Company is also subject to the provisions of the German Medicinal Products Act and its associated laws and regulations, such as the Ordinance on the Manufacture of Medicinal Products and Active Pharmaceutical Ingredients, and Good Clinical Practice rules on clinical trials. In particular, the Medicinal Products Act governs the authorization of drugs and the requirements for clinical trials as well as for drug manufacture, labelling and marketing. Companies may also be subject to the German Nuclear Act, the Radiation Protection Act, the Federal Law on Contagious Diseases, the Protection against Infection Act and the Animal Welfare Act, depending on what their research programs involve. The Company is confident it is acting in accordance with the applicable acts and laws.

In Germany all activities carried out in relation to bioprocessing and manufacture of genetically-modified organisms are governed by the Genetic Engineering Act (the "**Act**"). This Act implements the European Community directive on the contained use of genetically-modified organisms and the European Community directive on the deliberate release of genetically-modified organisms into the environment.

This Act establishes the requirements for activities in which genetic engineering is involved, along with the rules for setting up and operating genetic engineering facilities and marketing genetically-modified organisms and products containing such organisms. What the Act requires varies depending on the nature of the activity concerned, the potential risks of the genetically-modified organisms and the intended use of the particular organisms. The requirements for releasing and marketing genetically-modified organisms and comparable products differ from those for setting up and operating genetic engineering facilities, and are in some cases more stringent. This Act requires companies involved in this field to register with the regulators before they can set up and operate genetic engineering facilities; they must also keep records of their activities and make those records available to the appropriate authorities on demand. Genetically-modified organisms may not be released or placed on the market unless authorized. The Act also contains provisions on handling genetically-modified organisms.

Genetic engineering is divided into four safety categories, depending on how potentially dangerous it is to human health and the environment, and may only be carried out in facilities which are classified accordingly. The Company's activities in this field are classified as safety categories I and II according to the permit granted by the competent authorities in Baden-Wuerttemberg. These categories are for activities which involve little or no risk to human health or the environment.

Under the German statutory social security system, patients can reclaim expenditure on authorized drugs, but this is subject to the economic viability as assessed for each individual case. Statutory sickness insurers may impose fixed payments, i.e. cap the potential reimbursements, which may effectively force the Company to reduce its prices.

10.3.4. The USA

Before a company can launch a new pharmaceutical product in the USA, it has to (i) conduct preclinical laboratory and animal studies to establish the safety and efficacy, (ii) submit an Investigational New Drug (IND) application to the FDA, (iii) successfully complete appropriate controlled clinical trials on humans to verify the safety and efficacy of the drug, (iv) submit a New Drug Application (NDA) to the FDA and finally, (v) await FDA approval.

Preclinical trials in the laboratory and on animals are required to determine whether a drug works on a preliminary basis and discover any potential safety issues, and the results of these trials need to be submitted to the FDA as part of the IND. Unless the FDA objects, clinical trials on humans can commence 30 days after submission of the IND. However, companies generally await FDA approval before starting clinical trials.

All clinical trials are supervised by the ethics committee of an independent institutional review board set up at the institution where they are to be conducted. This committee considers whether those trials are scientifically sound for the purpose, the safety of trial participants and the potential liability of the institution. It is also responsible for reviewing current approved trial protocols on an ongoing basis. This ethics committee may demand that protocols be amended, and there is no certainty that it will approve the start of any given trial. This process is usually conducted for all clinical trials independently of the IND authorization process and could therefore delay the start of clinical trials right at the outset, consequently also increasing the costs involved considerably.

If preclinical trials and testing on animals as well as clinical studies show that a product is suitably safe and effective for a given indication, and if it can be shown that the product and its manufacture meets specified quality standards, the Company can apply to the FDA for the relevant marketing authorization (NDA). There is no guarantee that the FDA will grant marketing authorization based on the data submitted in the NDA. It is also possible that the FDA will require further data and information before issuing an NDA, or it may issue the authorization subject to certain restrictions. Even once an initial authorization has been issued, further studies may be required to obtain additional safety data. A supplementary or new NDA is required if a product is to be marketed for treating new indications which are different from those for which it was originally tested and authorized. If current regulatory law requirements are breached, this may result in fines for companies, authorizations being withdrawn or even revoked (either temporarily or permanently), product recalls, production, distribution, sales and/or marketing bans and companies and/or their management and staff being prosecuted.

11. GENERAL INFORMATION ON THE COMPANY

11.1. INCORPORATION, NAME, DOMICILE, CORPORATE PURPOSE AND COMMERCIAL NAME

Heidelberg Pharma AG was founded in 1997 by a team of physicians and cancer research specialists from the Technische Universität München (TUM) with the name "WILEX Biotechnology GmbH". On the basis of a resolution of the General Meeting on 14 December 2000, the Company was converted into a joint stock corporation and changed its legal name to "WILEX AG". By virtue of a resolution of the General Meeting on 20 July 2017 and its subsequent registration in the commercial register on 18 October 2017, the Company was renamed to "Heidelberg Pharma AG" and "Heidelberg Pharma" is now the name commercially used. Furthermore, the General Meeting on 20 July 2017 resolved upon the relocation of the statuatory seat of the Company from Munich to Ladenburg which became effective upon registration in the commercial register on 29 September 2017.

The Company's headquarters are now located at Schriesheimer Strasse 101, 68526 Ladenburg, Germany (Telephone +49 6203 1009-0). The Company is registered in the commercial register of the Mannheim Local Court with registration number HRB 728735 and is subject to the laws of the Federal Republic of Germany. Heidelberg Pharma has been listed since November 2006 (Deutsche Börse: Regulated Market, Prime Standard; German Securities Code A11QVV; Trading Symbol WL6).

In addition to the parent company, Heidelberg Pharma AG in Ladenburg, the Heidelberg Pharma Group includes the wholly owned subsidiary Heidelberg Pharma Research GmbH (which was formerly named Heidelberg Pharma GmbH and renamed to Heidelberg Pharma Research GmbH on 1 August 2017), which was acquired in March 2011. The Heidelberg Pharma Group is managed by the Executive Management Board of the parent company, Heidelberg Pharma AG. The subsidiary's management reports directly to the Issuer's Executive Management Board.

According to Section 2 (I) and (II) of the Articles of Association, the purpose of the Company is the research, development, production, approval, marketing and sales of medical products and diagnostic agents, primarily in the field of oncology, also through the provision of services for third parties, as well as the in- and out-licensing of industrial property rights based thereon. The Company may engage in all transactions that are suitable for serving its purpose, directly or indirectly. In particular, the Company may take over or represent other companies of the same or a similar type; it may acquire interests in such companies, specifically, as a personally liable partner or shareholder. The Company may establish branch offices and subsidiaries nationally and internationally. The purpose of the Company can be fulfilled by the Company and its subsidiaries together or individually in segments.

11.2. LENGTH OF LIFE AND FISCAL YEAR

The Company has been established for an indefinite period and the fiscal year of the Issuer starts on 1 December of a year to 30 November of the following year.

11.3. PUBLICATIONS

In accordance with the Articles of Association and unless otherwise required by law, announcements of the Company are exclusively published in the German Federal Gazette (*Bundesanzeiger*).

For statements or information that must be made available to the shareholders by law but are not subject to specific form requirements posting on the Company's website (www.heidelberg-pharma.com /press-investors/) shall solely be sufficient.

Notifications in connection with the approval by the BaFin of the Prospectus or any supplements thereto will be published in accordance with the German Securities Prospectus Act (*WpPG*) through publication on the Company’s website (www.heidelberg-pharma.com/press-investors/).

11.4. STRUCTURE OF HEIDELBERG PHARMA GROUP, INFORMATION ON HOLDINGS

At the moment the Heidelberg Pharma Group consists of the Issuer as the parent company and Heidelberg Pharma Research GmbH as a fully consolidated subsidiary.

Heidelberg Pharma Research GmbH has its registered office in Ladenburg, Germany. Its corporate purpose according to Article 2 of the articles of association is the engagement in the fields of pharmacology and medicine, in particular, activities aimed at developing and distributing active ingredients and diagnostics in various areas of indication such as oncology, virology and immunology. The object of Heidelberg Pharma Research GmbH is to discover, develop and commercially exploit diagnostics and therapeutics in these areas. Heidelberg Pharma Research GmbH may enter into agreements regarding the research and development of new drug candidates and diagnostic as well as purchase, sell, license or use patents and know-how jointly with third parties. The five issued shares of stocks with a total nominal amount of EUR 9,303,400.00 are held solely by the Issuer. Each EUR 1.00 is entitled to one vote.

11.5. SHAREHOLDER STRUCTURE

The following table contains the names of the legal and natural persons who directly or indirectly hold voting rights in the Company as at the date of the Prospectus. All shares in the Issuer hold the same voting rights. The information is based on the notifications of the registrants to the Company in accordance with Sections 21 et seq. of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*). According to this, the following registrants hold more than 3% of the Company's voting rights. The Company has received the following voting rights registrations:

Ultimate Shareholder	**Direct Shareholder**	**Shareholding in %**
Dietmar Hopp	DH-Holding GmbH & Co. KG (6.25%) and dievini Hopp BioTech holding GmbH & Co. KG (59.56%)[1)]	66.96
UCB Pharma S.A.	UCB Pharma S.A.	7.56

[1)] Of the voting rights held by Dietmar Hopp, 6.25% are attributed through DH-Holding GmbH & Co. KG and further 59.56% are attributed through dievini Hopp BioTech holding GmbH & Co. KG pursuant to Section 22 para. 1 no. 1 of the German Securities Trading Act.

The shareholdings of Mr Dietmar Hopp, including the companies he controls, exceed the 50% threshold. He is the majority shareholder and can exercise far-reaching control over Heidelberg Pharma and its subsidiary or can exert significant influence over the Company. Therefore the Issuer is a dependent company within the meaning of section 17 (1) of the German Stock Corporation Act because a majority of its shares are held by DH-Holding GmbH & Co. KG and its affiliated companies (dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH), all of which represent the same general interests of the investor, Mr Dietmar Hopp.

12. INFORMATION ON THE SHARE CAPITAL

12.1. SHARE CAPITAL AND SHARES

The Company's share capital currently amounts to EUR 14,968,380.00 and is divided into 14,968,380 no-par bearer shares (shares without nominal value) (*Stückaktien*) representing a proportional share of the share capital of EUR 1.00 per share. The share capital is fully paid in, the Company holds no treasury shares. The shares were issued under German law.

12.2. DEVELOPMENT OF THE REGISTERED SHARE CAPITAL SINCE 2014

On 1 December 2013, the share capital of the Company was EUR 31,275,507.00. On 23 May 2014 the shareholders of the Company resolved upon a reduction of the share capital by means of the Company calling in 3 shares with a simultaneous ordinary reduction of the share capital by means of consolidating shares for the purpose of transferring a part of the share capital to the capital reserves. On this basis, the share capital of the Company was reduced from EUR 31,275,507.00 by EUR 3.00 to EUR 31,275,504.00 and by further EUR 23,456,628.00 to EUR 7,818,876.00. The implementation of the capital reduction was entered into the commercial register on 9 July 2014.

On 10 April 2015, the Issuer issued 1,486,732 new shares by utilising an authorised capital (Authorised Capital 2012/I) to perform a capital increase to increase the share capital of the Company from EUR 7,818,876.00 by EUR 1,486,732.00 to EUR 9,305,608.00. The capital increase was entered in the Commercial Register on 10 April 2015.

On 11 December 2015, the Issuer issued 930,560 new shares by utilising an authorised capital (Authorised Capital 2012/I) by way of a private placement excluding shareholders' subscription rights to perform a capital increase to increase the share capital of the Company from EUR 9,305,608.00 by EUR 930,560.00 to EUR 10,236,168.00. Furthermore and on the same day, the Issuer issued 443,124 new shares by utilising an authorised capital (Authorised Capital 2012/I) to perform a capital increase to increase the share capital of the Company from EUR 10,236,168.00 by EUR 443,124.00 to EUR 10,679,292.00. Both capital increases were entered in the Commercial Register on 11 December 2015.

A further capital increase was made in April 2016 by way of using the authorised capital (Authorised Capital 2012/I) to perform a capital increase in an amount of EUR 2,248,272.00 from EUR 10,679,292.00 to EUR 12,927,564.00, which was entered into the commercial register on 27 April 2017.

The Executive Management Board resolved on 24 April 2017, with the approval of the Supervisory Board, to increase the Company's share capital from EUR 12,927,564.00 by EUR 2,040,816.00 to EUR 14,968,380.00 from authorided capital (Authorised Capital 2016/I) in return for cash contributions. The implementation of this capital increase was entered in the commercial register on 15 May 2017.

12.3. AUTHORISED CAPITAL

By a shareholders' resolution dated 20 July 2017 entered into the commercial register on 10 August 2017, the Issuer's annual General Meeting created authorised capital of EUR 7,484,190.00 and adjusted Section 5 (IV) of the Articles of Association accordingly. Through the resolution, the Executive Management Board is authorised – with the approval of the Supervisory Board – to increase the share capital of Heidelberg Pharma by a total of up to EUR 7,484,190.00 until 19 July 2022 on one or more occasions against payment in cash or in kind (described in the Issuer's commercial register as authorised capital 2017/I). The Executive Management Board of Heidelberg Pharma is authorised – with the approval of the Supervisory Board – to exclude the subscription right of shareholders one or several times, for example when new shares are issued against payment in kind.

12.4. CONTINGENT CAPITAL

At the date of this Prospectus, the Issuer has conditional but unissued share capital in the aggregate amount of EUR 7,483,831.00 as follows:

- The Company's share capital is contingently increased by a further EUR 237,194.00 through the issue of up to 237,194 new no par value bearer shares (Contingent Capital 2005/I). The contingent capital increase will only be implemented to the extent that holders of the stock options issued by the Company on the basis of and subject to the terms and conditions of the authorisation by the Annual General Meeting on 08 September 2005 (resolution in accordance with item 9.1) make use of their stock options. In accordance with 9.1 (5) of the above-mentioned resolution by the Annual General Meeting, the shares will be issued at the exercise price set in each case as the issue price and also at the specific terms and conditions determined in this resolution. The new shares participate in profits from the start of the financial year in which they are issued. The Executive Management Board, with the approval of the Supervisory Board, and – to the extent that members of Executive Management Board are affected – the Supervisory Board are authorised to determine any other details concerning the contingent capital increase and its implementation.
- The Company's share capital is contingently increased by EUR 598,437.00 through the issue of up to 598,437 no-par-value bearer shares (Contingent Capital 2011/I). The contingent capital increase serves solely to satisfy subscription rights granted on the basis of the authorisation resolved by the General Meeting on 18 May 2011 under Agenda item 6. The said contingent capital increase shall be carried out only to the extent that holders of subscription rights issued under the WILEX Stock Option Plan 2011 exercise their right to subscribe to shares of the Company and the Company does not deliver treasury shares or pay cash compensation to fulfil such options. The new shares shall participate in the Company's profits from the start of the financial year for which a resolution on the appropriation of profits has yet to be adopted at the time the stock options are issued.
- The Company's share capital is contingently increased by EUR 661,200.00 through the issue of up to 661,200 no-par-value bearer shares (Contingent Capital 2017/I). The contingent capital increase serves solely to satisfy subscription rights granted on the basis of the authorisation resolved by the General Meeting on 20 July 2017 under Agenda item 6. The said contingent capital increase shall be carried out only to the extent that holders of subscription rights issued under the WILEX Stock Option Plan 2017 exercise their right to subscribe to shares of the Company and the Company does not deliver treasury shares or pay cash compensation to fulfil such options. The new shares shall participate in the Company's profits from the start of the financial year for which a resolution on the appropriation of profits has yet to be adopted at the time the stock options are issued.
- The Company's share capital is contingently increased by EUR 5,987,000.00 through the issue of up to 5,987,000 no-par-value bearer shares (Contingent Capital 2017/II). The contingent capital increase serves solely to grant new shares to holders of conversion rights or options granted on the basis of the authorisation resolved by the General Meeting on 20 July 2017 under Agenda item 7. The said contingent capital increase shall be carried out only to the extent that the holders of conversion rights or options make use of their conversion rights or options or fulfill conversion obligations arising from such bonds. The new shares shall participate in the Company's profits from the start of the financial year for which a resolution on the appropriation of profits has yet to be adopted at the time the stock options are issued.

12.5. GENERAL PROVISIONS ON CAPITAL MEASURES

Under the German Stock Corporation Act (*AktG*), a stock corporation (*Aktiengesellschaft*) requires a resolution by the General Meeting passed by a simple majority of votes cast and by a majority comprising at least three-quarters of the share capital represented at the meeting, unless the Articles of Association of the stock corporation provide for a different majority.

In addition, the shareholders of a stock corporation may approve authorised capital. The resolution creating authorised capital requires the affirmative vote of a majority of three quarters of the capital represented to vote and may authorise the Executive Management Board to issue shares up to a stated amount for a period of up to five years. The decisions by the Executive Management Board require the consent of the Supervisory Board. The nominal value of the authorised capital may not exceed half of the capital stock at the time of the authorisation. Any authorised capital becomes effective upon the entry of the amended Articles of Association into the commercial register.

In addition, the shareholders may create contingent capital for the purpose of issuing (i) shares to holders of convertible bonds or other securities which grant a right to shares, (ii) shares in the preparation of a merger with another company, or (iii) shares offered to management or employees of the Company or its affiliated companies. In each case, the authorising resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value of the contingent capital may not exceed half or, in the case of contingent capital created for the purpose of issuing shares to management and employees, 10% of the Company's capital at the time of the resolution.

12.6. GENERAL PROVISIONS ON SUBSCRIPTION RIGHTS

According to the German Stock Corporation Act (*AktG*), in principle, each shareholder has the right to subscribe new shares issued in connection with a capital increase or convertible bonds or option bonds, profit participation rights or profit participating bonds. In general, subscription rights are freely transferable. However, the General Meeting, acting by a simple majority of the votes cast and by a majority comprising at least three-quarters of the share capital represented at the meeting, may exclude the shareholders' subscription rights. Exclusion of subscription rights also requires a report from the Executive Management Board stating the grounds for such exclusion, which must demonstrate the reasons for excluding the shareholders' subscription rights and has to show that the interest of the Company in excluding subscription rights outweighs the interest of the shareholders in retaining their subscription rights. Subscription rights may be excluded in particular based on Section 186 (III) fourth sentence German Stock Corporation Act when new shares are issued and (i) the capital increase with cash deposits does not exceed ten percent of the capital stock, (ii) the capital increase does not exceed 10% of the share capital at the time the shares are issued and (iii) if the issue price is not significantly lower than the stock market price.

12.7. GENERAL PROVISIONS ON THE LIQUIDATION OF THE COMPANY

With the exception of liquidation (i) as a result of insolvency proceeding regarding the assets of the Company, (ii) the exclusion of insolvency proceedings for lack of insolvent assets, (iii) the determination of a defect of the Articles of Association according to section 300 of the Act on Court Procedure in Family Matters and Non-litigious Matters (*Gesetzes über das Verfahren in Familiensachen und in den Angelegenheiten der freiwilligen Gerichtsbarkeit - FamFG*) and (iv) the cancellation of the Company due to lack of funds according to section 394 FamFG, the Company can only be liquidated by resolution of the General Meeting. A liquidation resolution requires a majority comprising at least three-quarters of the share capital represented at the meeting. In this case the amount, which remains after offsetting all of the Company's liabilities, shall be distributed amongst the shareholders according to the regulations of the German Stock Corporation Act in line with their interest in the Company's share capital. Furthermore the regulations regarding the protection of the creditors have to be taken into account.

12.8. EXCLUSION OF MINORITY SHAREHOLDERS

12.8.1. Squeeze-out under stock corporation law

Pursuant to Section 327a (I) of the German Stock Corporation Act, the General Meeting of a stock corporation may resolve upon the request of a shareholder holding 95% of the share capital to transfer the shares of minority shareholders to the majority shareholder against the payment of adequate compensation in cash (so-called squeeze-out under stock corporation law).

12.8.2. Squeeze-out under transformation law

Pursuant to Section 62 (I) and (IV) of the German Transformation Act (*Umwandlungsgesetz*) in conjunction with Sections 327a et seq. of the German Stock Corporation Act the General Meeting of a transferring stock corporation may upon the request of a receiving stock corporation holding 90% of the share capital of the transferring stock corporation, within three months following the conclusion of a merger agreement to transfer the shares of minority shareholders to the majority shareholder against the payment of adequate compensation in cash (so-called squeeze-out under transformation law).

12.8.3. Squeeze-out under takeover law

Under Sections 39a et seq. of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz - WpÜG*), an offeror holding at least 95% of the voting share capital of a target company after a takeover bid or mandatory offer, may request the transfer of the remaining voting shares against the payment of adequate compensation (so-called squeeze-out under takeover law). A court order for a transfer of the remaining shares has to be submitted to the Regional Court (*Landgericht*) of Frankfurt am Main within three months of the expiry of the deadline for acceptances. The nature of the consideration must be the same as the consideration provided in the takeover bid or mandatory offer; a cash alternative must always be offered.

12.8.4. Integration (*Eingliederung*)

Under Sections 319 et seq. of the German Stock Corporation Act, the General Meeting of a stock corporation may vote for integration (*Eingliederung*) with another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company to be integrated. The former shareholders of the integrated company are entitled to an adequate compensation, which must generally be provided in the form of shares in the parent company. Where the compensation takes the form of treasury shares in the parent company, it is considered appropriate if the shares are issued in the same proportion as shares of the parent company would have been issued per share in the Company integrated if a merger had taken place. Fractional amounts may be paid out in cash.

The Articles of Association of the Company do not contain any provisions that differ from the legal regulations relating the exclusion of minority shareholders.

12.9. DISCLOSURE REQUIREMENTS FOR SHAREHOLDINGS AND MANDATORY OFFER

12.9.1. Notification obligation under the German Securities Trading Act (*WpHG*)

The German Securities Trading Act (*WpHG*) requires that every shareholder who acquires, sells or in some other way reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in an issuer whose country of origin is Germany and whose shares are admitted to trading on an organised market must immediately, but no later than within four trading days of such fact, notify the issuer and at the same time the BaFin. The notice can be drafted either in German or in English and must include the address of the individual or entity, the share of voting rights held and the date of reaching, exceeding, or falling below the respective threshold. Such notice must be issued via the mandatory use of a standard form. The Issuer is obliged to publish such notices immediately, but no later than within three trading days after receiving them, via media outlets or outlets where it can be assumed that the notice will be disseminated in the EU and the non-European Union parties to the agreement on the EEA. The Company must also transmit the notice to BaFin and to the German Company Register (*Unternehmensregister*) for storage. There are certain exceptions to the notice requirement.

According to the German Securities Trading Act, the shares of certain persons either associated with the shareholders or acting in concert with him shall be included in the calculation of the above mentioned thresholds. Acting in concert is deemed to exist if the parties coordinate their voting at the listed company's general meeting or, outside the general meeting, coordinate their actions with the goal of significantly and permanently modifying the listed company's corporate strategy. Each party's voting rights are attributed to each of the other parties acting in concert.

Shareholders failing to comply with their notification obligations are prevented from exercising shareholder rights (including voting rights and, in certain cases, the right to receive dividends and liquidation proceeds) until they have complied with the notification requirements. If the failure to comply with the notification obligations specifically relates to the size of the voting interest in the Company and is the result of willful or grossly negligent conduct, the suspension of shareholder rights is – subject to certain exceptions in case of an incorrect notification deviating no more than 10% from the actual percentage of voting rights – extended by a six-month period commencing upon the submission of the required notification.

Except for the 3% threshold, notification requirements for reaching, exceeding or falling below the thresholds for voting rights also apply to direct or indirect holders of instruments (i) which, on maturity, give the holder the unconditional right to acquire shares to which voting rights are attached, already issued, of the Company or the discretion as to his right to acquire such shares in the Company or (ii) which are referenced to shares to which voting rights are attached, already issued, of the Company and with similar economic effect to the instruments mentioned under (i), whether or not they confer a right to a physical settlement. In particular, such instruments will comprise transferable securities, options, futures, swaps, forward rate agreements and contracts for differences. The number of voting rights relevant for the notification requirement is generally calculated by reference to the full nominal number of shares underlying the instrument except where the instrument provides exclusively for a cash settlement. Details for such calculations are laid down by regulatory technical standards drafted by the European Securities and Markets Authority.

In case disclosure requirements are not met, a significant fine may be imposed. In addition, BaFin publishes sanctions imposed and measures taken indicating the person or entity responsible and the nature of the breach on its website.

12.9.2. Notification of transactions of persons holding management responsibilities (directors' dealings)

Persons with management responsibilities in a listed company (a "**Manager**") or persons who are closely associated with a Manager are required to notify the company and BaFin of their own transactions in shares of the company or financial instruments based thereon, in particular derivatives, according to Art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "**MAR**"). The respective notification must be made promptly and no later than three business days after the date of the transaction. If the sum of all transactions in a given calendar year of a Manager and closely related persons is less than EUR 5,000 through the end of a calendar year a notification is not required.

For the purposes of the MAR, the following persons are deemed to be a Manager: members of management, administrative or supervisory bodies of the company as well as senior executives who are not such members but who have regular access to inside information relating directly or indirectly to the Company and who have power to take managerial decisions affecting the future developments and business prospects of the Company.

The following persons are deemed to be closely associated with a Manager: spouses, registered civil partners (eingetragene Lebenspartner), dependent children and other relatives who at the time of the transaction requiring notification have lived in the same household with the Manager for at least one year.

Legal entities for which the aforementioned persons have management responsibilities are also subject to the notification requirement. The aforementioned provisions also apply to legal entities, companies and institutions directly or indirectly controlled by a Manager or by a person closely associated with a Manager, which have been founded to the benefit of such a person, or whose economic interests correspond to a considerable extent to those of such a person. Non-compliance with the notification requirements may result in a fine.

Furthermore, Managers are prohibited from trading during a closed period of thirty days before the announcement of an interim financial report or a year-end report, which the Company is obliged to make public.

12.9.3. Notification requirement of those holding significant shareholdings

Anyone reaching or exceeding a threshold of 10% of voting shares, or a higher threshold, must, in principle, inform the issuer originating from the Federal Republic of Germany of the goals pursued with the acquisition of the voting rights as well as the source of the financial means used for the acquisition within 20 trading days of reaching or exceeding the threshold in question. A change in goals must also be disclosed within 20 trading days.

12.9.4. Mandatory takeover bids

Pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (*WpÜG*), every person whose shares of voting rights reaches or exceeds 30% of the voting rights in a listed (*Regulierter Markt*) company (an "**Acquisition of Control**") is obliged to publish this fact, including the percentage of its voting rights, immediately but within seven calendar days latest by (i) publication on the internet and (ii) though electronic media for disseminating financial information. Furthermore this person has to

submit a mandatory public tender offer to all shareholders of the company unless an exemption from this obligation has been granted by the BaFin. The calculation of the Acquisition of Control is based on the German Securities Acquisition and Takeover Act by adding voting rights according to Section 30 of the German Securities Acquisition and Takeover Act. Such an attribution of shareholdings may be given in the event that a subsidiary of the respective shareholder is holding shares of the company as well (Section 30 (I) first sentence number 1 of the German Securities Acquisition and Takeover Act) and regarding to shares, which are held by a third person for the account of the respective shareholder (Section 30 (I) first sentence number 2 of the German Securities Acquisition and Takeover Act). If the respective shareholder fails to publish the mandatory notice, this shareholder is obliged to pay interests for the consideration owed to the other shareholders for the duration of the delinquency. In addition, the respective shareholder has to submit an offer document for a public takeover bid to the BaFin within four weeks after the publishing of the Acquisition of Control which is also to be published (i) on the internet and (ii) as an announcement in the German Federal Gazette (*Bundesanzeiger*).

12.10. CHANGE OF CONTROL

Neither the Articles of Association nor the Articles of Incorporation of the Company contain any provision that would have an effect of delaying, deferring or preventing a change in control of the Company. The Company has no knowledge of any further agreements whose effects may result to changes in the controlling interests in the Company at a later time.

13. GOVERNING BODIES

13.1. OVERVIEW

The governing bodies of the Company are the Executive Management Board, the Supervisory Board and the General Meeting. The responsibilities of these bodies are primarily governed by the German Stock Corporation Act, the Articles of Association of the Company and the Rules of Procedure for the Executive Management Board and the Supervisory Board.

The Executive Management Board conducts the business of the Company in accordance with statutory law, the Articles of Association of the Company and the Rules of Procedure of the Executive Management Board. The Executive Management Board represents the Company in dealings with third parties.

The Executive Management Board is responsible for implementing and maintaining appropriate risk management and risk control systems within the Company that provide timely warning of any development that might jeopardise the existence of the Company. The Executive Management Board is also obliged to regularly report to the Supervisory Board on the intended business strategy and other important key issues concerning the corporation planning (in particular on the finance, investment and human resources planning). In addition, the Executive Management Board is also required to report to the Supervisory Board immediately on any transactions or events, which may be significant for the Company.

The Supervisory Board appoints members of the Executive Management Board and is entitled to dismiss them for serious cause. The Supervisory Board advises the Executive Management Board on the management of the Company and monitors the Company's conduct of business. In accordance with the German Stock Corporation Act, the Supervisory Board is not authorised to exercise management functions. Simultaneous membership on the Executive Management Board and Supervisory Board of a German stock corporation is not permitted under German law.

Each member of the Executive Management Board and Supervisory Board owes a duty of loyalty and due care to the Company. Each member of these governing bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Executive Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Executive Management Board or Supervisory Board breach their duties, they may be jointly held liable with the other members of the Executive Management Board or the Supervisory Board to the Company for compensatory damages. The Company has taken out a Directors' and Officers' Liability Insurance ("D&O-Insurance**")** for the members of the Executive Management Board and Supervisory Board.

13.2. EXECUTIVE MANAGEMENT BOARD

13.2.1. General

The members of the Executive Management Board are appointed by the Supervisory Board, which determines furthermore the number of members of the Executive Management Board. The reappointment or extension of the term is permissible, in each case for a maximum of five years.

The Supervisory Board can revoke the appointment of a member of the Executive Management Board before expiration of the term of appointment for good cause, e.g. for gross breach of duties, or if the General Meeting declares it has no confidence in the member of the Executive Management Board.

The Supervisory Board has the right to issue rules of procedures binding on the Executive Management Board. In respect of certain types of transactions conducted by the Company, the Executive Management Board's rules of procedures contain a catalogue of transactions requiring approval and which may only be carried out with the approval of the Supervisory Board. In addition, the Supervisory Board may resolve that certain other transactions also require its approval. According to its rules of procedures, the prior approval of the Supervisory Board is needed amongst others for the following transactions (unless part of the annual planning):

- initiation of development projects exceeding EUR 250,000 (net);
- conclusion and cancellation of significant patent, licensing, know-how and cooperation contracts exceeding EUR 250,000 (net)
- annual planning and, in particular, the budget plan for the following fiscal year of the Company;
- granting of loans to non-affiliated companies or third parties exceeding EUR 10,000;
- assumption of investment expenditures exceeding EUR 250,000 (net);
- establishment and termination of companies or enterprises, the purchase and sale of participating interests in other companies and management contracts and contracts between business enterprises.

13.2.2. Present Members of the Executive Management Board

The following overview shows the members of the Company's Executive Management Board together with (i) the date in which they were first appointed to the Board, (ii) the date in which their term expires, (iii) their responsibilities and (iv) their memberships in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the last five years.

Name	Date of first appointment	Appointed until	Responsibilities	Other Memberships
Dr Jan Schmidt-Brand	1 September 2012	31 August 2018	Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	• Heidelberg Pharma Research GmbH, Managing Director
Professor Andreas Pahl	2 June 2016	31 December 2020	Chief Scientific Officer (CSO)	• None

Dr Jan Schmidt-Brand, has been Chief Financial Officer and member of the Executive Management Board of the Issuer since 1 September 2012 and also serves as CEO of the subsidiary Heidelberg Pharma Research. Until the acquisition by the Issuer, Dr Schmidt-Brand held the position of CEO/CFO in the former Heidelberg Pharma AG. The doctor of law has over 20 years' experience in leading positions in the commercial as well as the fiscal sector of pharmaceutical companies. From 1997 to 2001 he was Managing Director of EBEWE Arzneimittel GmbH, an Austrian BASF Pharma subsidiary. Prior to this, he held several positions at the BASF Group for a total of eight years, most recently as an executive in the central tax department with a general commercial power of attorney ("*Prokurist*"). Dr Jan Schmidt-Brand studied law, business management and French at the universities of Bayreuth and Geneva and obtained his doctoral degree from the University of Mannheim. He has been member of the board of directors of BIO Deutschland e.V. and head of the Finance and Tax working group since 2007. Furthermore, Dr Schmidt-Brand is a deputy Supervisory Board member of BIOPRO Baden-Württemberg GmbH and spokesman of the Industrial Advisory Board of the Faculty of Biotechnology at the Mannheim University of Applied Sciences.

Professor Andreas Pahl, has been appointed to serve as Head of Research and Development of the Issuer on 2 June 2016. Professor Pahl has worked successfully as Chief Scientific Officer and member of the executive management of the Issuer's subsidiary Heidelberg Pharma Research since September 2012, and can look back on 20 years' experience in research and higher education. Prior to his position at Heidelberg Pharma, he spent four years as Head of Late Pharmacology at Nycomed and Takeda Pharmaceuticals. After graduating in chemistry from the University of Berlin, he spent several years lecturing at TU Berlin and the University of Erlangen-Nuremberg (FAU), at which he was also appointed Professor of Pharmacology and Toxicology. Professor Pahl will continue to perform his teaching duties at FAU.

No member of the Executive Management Board has been found guilty of fraud in the course of the last five years. No member of the Executive Management Board has, in the course of the last five years, been a member of any management, administrative or supervisory board of any company that has become insolvent or been placed in administration by reason of insolvency or that has gone into liquidation. Nor has any member of the Executive Management Board been the subject of public charges and/or sanctions brought against them or imposed on them by government bodies or regulatory authorities (including professional associations). No

member of the Executive Management Board has ever been found by a court of law to be unfit to be a member of a management, administrative or supervisory board of a company whether or not such company is an issuer of shares, or to serve as a manager or conduct the business of any company, whether or not such company is an issuer of shares.

The members of the Executive Management Board and Supervisory Board are not related to each other nor are there any such relationships among members of the Executive Management Board.

The members of the Executive Management Board may be contacted at the Company's business address (Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Germany).

13.2.3. Remuneration of the members of the Executive Management Board

Details of the remuneration of the Executive Management Board in the fiscal year 2016 are provided in individualised form in the table below.

Executive Management Board member	Fixed Remuneration in EUR (unaudited)	Variable remunerationin EUR (unaudited) [1]	Other remuneration (non-cash remuneration) in EUR (unaudited)	Total remuneration in EUR (unaudited)[1] [2] [3]
Dr Jan Schmidt-Brand[2]	217,242	70,000	14,036	301,278
Professor Andreas Pahl	145,227	54,840	10,878	210,945
Dr Paul Bevan [4][5]	46,083	14,286	15,000	75,369
Total	**408,552**	**139,126**	**39,914**	**587,592**

(1) The exact variable remuneration is usually determined and paid in the following fiscal year. The figures shown here for the 2016 fiscal year are based on provisions that were determined on the basis of assumptions and historical data

(2) The remuneration of Dr Schmidt-Brand refers to his work as Chief Executive Officer and Chief Financial Officer of the Issuer and as Managing Director of Heidelberg Pharma Research. A portion of EUR 157 k of the total remuneration is attributable to his work as a member of the Executive Management Board of the Issuer

(3) All of Professor Pahl's remuneration relates to the full fiscal year, i.e. including the period in which he served as Chief Scientific Officer at Heidelberg Pharma Research prior to being appointed to the Executive Management Board of the Issuer. A portion of EUR 116 k of the total remuneration is attributable to his work as a member of the Executive Management Board of the Issuer

(4) Dr Bevan left the Executive Management Board of the Issuer effective at the end of 31 March 2016

(5) After the expiration of his director's contract, Dr Bevan was available to the Company as an advisor in the 2016 fiscal year. In this capacity, he received remuneration of GBP 3,000.

13.2.3.1. Remuneration and Benefits

The remuneration of the members of the Executive Management Board consists of a fixed and a variable compensation. Pursuant to Section 2.2.1 (II) of the German Corporate Governance Code, the General Meeting may pass a resolution to approve the remuneration system for the members of the Executive Management Board.

The Supervisory Board is responsible for setting the remuneration of the Company's member of the Executive Management Board. It is regularly reviewed, taking into account the provisions relating to the Supervisory Board as per section 87 (I) and (II) of the German Stock Corporation Act (*AktG*) and the recommendations of the German Corporate Governance Code. The Supervisory Board resolved adjustments in light of the German act on appropriate executive management board remuneration (*Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG*), which came into force on 5 August 2009. The remuneration system has been implemented in all current employment contracts for members of the Executive Management Board. It is described as follows:

The amount and structure of the remuneration of members of the Executive Management Board depend on the respective responsibilities of each Executive Management Board member, the Company's economic and

financial position and the sustained growth of the Company as well as common practice regarding remuneration, taking into account the amount and structure of the remuneration which is paid to others by the Company and that is paid in similar companies. In addition, remuneration is based on the individual performance of the members of the Executive Management Board as well as the achievements of the Executive Management Board as a whole. Remuneration is designed as an incentive for achieving sustainable corporate growth and a sustained increase in the Company value.

Therefore each member of the Executive Management Board receives fixed remuneration, which is not performance-related and is paid in monthly instalments. The amount of the fixed remuneration is determined on the basis of the principles described above.

In addition a variable remuneration consisting of (i) a variable remuneration and (ii) stock options is granted. The variable remuneration is contingent upon the achievement of personal targets and the Issuer's performance targets. The performance-based remuneration of the members of the Company's Executive Management Board is primarily tied to the corporate goals of the Issuer and refers to achieving defined milestones, securing additional funding through (e.g.) license agreements and share performance.

In addition members of the Executive Management Board were entitled to stock options above and beyond their base salary as a component of their bonus, the granting of which depended on the achievement of milestones. This remuneration component is based on the 2011 Stock Option Plan adopted by the Annual General Meeting on 18 May 2011. Up to 346,924 stock options (30% of the total volume) may be granted to the members of the Executive Management Board thereunder. This authorisation remained in effect until 1 July 2016. The stock options may only be exercised when they have vested after four year and the performance target has been achieved. In order for the performance target to be achieved, the price of the Issuer's share on the ten trading days preceding the onset of the respective exercise period must exceed the exercise price by a minimum of 20% as well as surpass the gains of the TecDAX during the maturity of the given stock option

In addition to a salary, Dr Schmidt-Brand receives the following benefits: Heidelberg Pharma makes payments into a defined-contribution, reinsured pension plan. The amount paid was EUR 10,567 in 2016. Payments were also made into a pension fund; an amount of EUR 2,688was expensed for this in 2016.

Prior to Professor Pahl's appointment to the Executive Management Board, EUR 738 was spent on a company pension plan for him that, as agreed, was financed by Heidelberg Pharma.

In addition, company cars were made available to Dr Schmidt-Brand (from November 2016) and Professor Pahl (for the entire fiscal year, i.e., including prior to his appointment to the Executive Management Board). The value of this benefit in 2016 was EUR 781 for Dr SchmidtBrand and EUR 10,140 for Professor Pahl.

13.2.3.2. Commitments in connection with the termination of the management contract

Heidelberg Pharma has not entered into any remuneration agreements that provide for remuneration to members of the Executive Management Board or employees in the event of a takeover bid.

13.2.4. Share Ownership

The members of the Executive Management Board currently hold shares of the Company and stock options as follows:

Member of the Executive Management Board	**Shares of the Company as of the date of the Prospectus**
Dr Jan Schmidt-Brand	52,607
Professor Andreas Pahl	26,186

The following overview shows the stock options held by members of the Executive Management Board during the fiscal year 2016 and changes in these holdings, as well as the portion of staff costs per beneficiary attributable to these stock options:

Executive Management Board member	1 Dec. 2015	Additions	Expiry / Return	Exercise	30 Nov. 2016
	Number	Number	Number	Number	Number
Dr Jan Schmidt-Brand	60,000	162,000	0	0	222,000
Professor Pahl	0	90,000	0	0	90,000
Dr Paul Bevan	183,180	0	175,180	0	8,000
Total	**243,180**	**252,000**	**175,180**	**0**	**320,000**

Executive Management Board member	Expense in the IFRS statement of comprehensive income	Fair value of the options[1)] held on 30.11.2016
	in EUR (unaudited)	In EUR (unaudited)
Dr Jan Schmidt-Brand	35,018	323,611
Professor Pahl	16,012	126,864
Dr Paul Bevan	835	12,700
Total	**51,865**	**463,175**

[1)] As of the respective issue date.

13.3. SUPERVISORY BOARD

13.3.1. General

In accordance with the Articles of Association of the Company, the Supervisory Board consists of five members.

Due to Section 10 (II) of the Articles of Association, the members of the Supervisory Board are elected, unless the General Meeting expressly resolves otherwise, for a term that expires upon the close of the General Meeting that resolves on the formal approval of the actions of the member for the fourth fiscal year after the beginning of their term of office, not counting the fiscal year in which the term commences.

The Supervisory Board appoints the members of the Executive Management Board and is authorised to remove them for cause. The Supervisory Board advises the Executive Management Board on managing the Company and supervises its conduct of business. Resolutions of the Supervisory Board require a majority of votes cast, unless otherwise provided by law. The Supervisory Board has a quorum of at least four members to take part in the passing of a resolution. If a vote in the Supervisory Board results in a tie, the chairman has a casting vote.

13.3.2. Present Members of the Supervisory Board

The following overview shows the members of the Company's Supervisory Board together with (i) the date in which they were first appointed to the Board, (ii) the date in which their term expires, (iii) their principal activities and (iv) their memberships in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the last five years.

Name	Date of first appointment	Appointed until	Principal activities	Other Memberships
Professor Christof Hettich Chairman of the Supervisory Board	21 May 2010	End of Annual General Meeting 2020	Lawyer and Managing Director, dievini Verwaltungs GmbH	• Agennix AG i.L., Heidelberg, Germany, Chairman of the Supervisory Board

Name	Date of first appointment	Appointed until	Principal activities	Other Memberships
				• InterComponentWare AG, Walldorf, Chairman of the Supervisory Board • LTS Lohmann Therapie-Systeme AG, Andernach, Member of the Supervisory Board • Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L., Chairman of the Advisory Board • immatics biotechnologies GmbH, Tübingen, Vice Chairman of the Advisory Board • Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter PharmaFertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH, Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg, Member of the Advisory Boards • Molecular Health GmbH, Heidelberg, Germany, Member of the Advisory Board • PROMETHERA biosciences AG, Mont-Saint-Guibert, Belgium, Chairman of the Board of Directors
Dr Georg F. Baur Vice Chairman of the Supervisory Board	28 August 2003	End of Annual General Meeting 2020	Vice chairman of the Supervisory Board of the Issuer, member of further supervisory boards and member of a comparable national control committee of a company	• Franz Haniel & Cie. GmbH, Duisburg, Vice Chairman of the Supervisory Board • Hussel GmbH, Hagen, Chairman of the Advisory Board • J.F. Müller & Sohn AG, Hamburg, Chairman of the Supervisory Board • TAKKO Fashion GmbH, Telgte, Chairman of the Advisory Board
Dr Friedrich von Bohlen und Halbach	29 April 2005	End of Annual General Meeting 2020	Managing Director, dievini Verwaltungs GmbH	• Agennix AG i.L., Heidelberg, Germany, Member of the Supervisory Board • Apogenix AG, Heidelberg, Germany, Chairman of the Supervisory Board • AC Immune SA, Lausanne (Switzerland), Member of the Board of Directors • Cosmo Pharmaceuticals N.V., Amsterdam, the Netherlands, Non-executive member of the Board of Directors • CureVac AG, Tübingen,

Name	Date of first appointment	Appointed until	Principal activities	Other Memberships
				Chairman of the Supervisory Board • Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i.L., Member of the Advisory Board • febit Holding GmbH, Heidelberg, Member of the Advisory Board • Immatics GmbH, Tübingen, Member of the Advisory Board • Novaliq GmbH, Heidelberg, Chairman of the Advisory Board • Wyss Translational Center, Zurich, Switzerland, Member of the Evaluation Board
Dr Birgit Kudlek	25 May 2012	End of Annual General Meeting 2020	Chief Operating Officer & Chief Development Officer of AENOVA Holding GmbH, Starnberg	• STADA Arzneimittel AG, Bad Vilbel, Germany, Member of the Supervisory Board
Dr Mathias Hothum	30 July 2015	End of Annual General Meeting 2020	Managing Director, dievini Verwaltungs GmbH	• Apogenix AG, Heidelberg, Germany, Member of the Advisory Board • CureVac AG, Tübingen, Member of the Supervisory Board • Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L., Member of the Advisory Board • Joimax GmbH, Karlsruhe, Germany, Chairman of the Advisory Board • Novaliq GmbH, Heidelberg, Member of the Advisory Board • LTS Lohmann Therapie-Systeme AG, Member of the Supervisory Board • Molecular Health GmbH, Heidelberg, Germany, Member of the Advisory Board

Professor Christof Hettich, has been a member of the Supervisory Board since 21 May 2010, was re-elected on 30 July 2015 and is its current Chairman. Professor Hettich is a lawyer and partner at RITTERSHAUS Rechtsanwälte in Mannheim/Frankfurt/Munich. He studied law and political science at the Universities of Freiburg, Würzburg and Mannheim, obtaining his PhD from the University of Würzburg. Professor Hettich has extensive experience in arranging M&A transactions as well as in the structuring and restructuring of medium-sised and public companies. He manages the procurement of private equity financing including the preparation of share issues in sectors such as biotechnology and medical technology. Professor Hettich is co-founder and

Managing Director of dievini Verwaltungs GmbH, which in turn acts as the manager of dievini Hopp BioTech holding GmbH & Co. KG.

Dr Georg F. Baur, as re-elected to the Supervisory Board on 30 July 2015 and is its current Deputy Chairman. He had already held this position from 28 August 2003 to 30 July 2015 after serving as the Supervisory Board's chairman from 14 December 2000 to 28 August 2003. Dr Baur works as an entrepreneur in the areas of private investments and asset management. Between 1990 and 1992 he was Managing Partner of Lehndorff Vermögensverwaltungs GmbH. From 1979 to 1989 Dr Baur held various positions at JP Morgan, ultimately as Managing Director and Treasurer of the bank in London. He holds a PhD from the University of St. Gallen, Switzerland.

Dr Friedrich von Bohlen und Halbach, has been a member of the Supervisory Board since 29 April 2005 and was re-elected on 30 July 2015. Since 2005 he has served as Managing Director of dievini Verwaltungs GmbH, which in turn acts as the manager of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, a company that supports and mentors SAP founder Dietmar Hopp in his investments in life sciences and advises the companies from the industry in which Mr Hopp invests on their corporate and business development. In 1997 he co-founded LION bioscience AG, Heidelberg, where he served as CEO until 2003 and of which he has been Chairman of the Supervisory Board since 2004. From 1994 to 1997 he served as CEO of WASAG Chemie AG, Essen. Mr von Bohlen und Halbach began his career in 1992 as a project manager for the Research & Development division of Fresenius AG, Bad Homburg, following which he was assistant to the chairman of the Supervisory Board of FAG Kugelfischer KGaA, Schweinfurt. He studied biochemistry and business management in Zurich, Switzerland, and received a PhD in neurobiology from the Swiss Federal Institute of Technology in 1992.

Dr Birgit Kudlek, has been a member of the Supervisory Board since 25 May 2012 and was re-elected on 30 July 2015. Dr Kudlek has served as Chief Operating and Chief Development Officer as well as Managing Director of AENOVA Holding GmbH in Starnberg since February 2014. In this role she is responsible for the group's 18 production facilities as well as for 4 development centers. From 2009 to 2013 she was Head of the Sandoz Development Center Network at Sandoz International in Holzkirchen, Germany, since May 2009. In this role she had global responsibility for all development activities of the company's 9 development centers in six countries. From 2007 to 2008 she was an Executive Board Member of LTS Lohmann Therapie-Systeme, Andernach, Germany, where she was responsible for Technical Operations and Quality. From 2003 to 2007 Dr Kudlek worked for ratiopharm, Ulm, Germany, in various management positions within Technical Operations and Development, before taking over responsibility for global development activities. Prior to that Dr Kudlek was employed for more than four years as a consultant at Accenture, Kronberg, Germany. She started her career as Managing Assistant at Hoechst Marion Roussel, today Sanofi Aventis, Frankfurt, Germany. Birgit Kudlek studied Pharmaceutical Science as well as Economics and holds a PhD in Pharmaceutical Technology from the Technical University of Braunschweig, Germany.

Dr Mathias Hothum, was elected by the Annual General Meeting on 30 July 2015. Dr Hothum, together with Christof Hettich and Friedrich von Bohlen serves as Managing Director of dievini Verwaltungs GmbH, which in turn acts as the manager of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, a company that supports and mentors SAP founder Dietmar Hopp in his investments in life sciences and advises the companies from the industry in which Mr Hopp invests on their corporate and business development. His focus is on controlling and strategy planning of portfolio companies. Since 1992 Dr Mathias Hothum is owner and managing director of HMM Consulting in Walldorf. With his expertise and experience of twenty years as a self-employed consultant in the area of health care he advised not only companies. He also shared his expertise with students as a lecture at the SRH Hochschule Heidelberg. Dr Hothum received his diplom degree in Economics from the University of Mannheim. He went on to do his doctorate at the University of Magdeburg.

No member of the Supervisory Board has been found guilty of fraud in the course of the last five years. No member of the Supervisory Board has, in the course of the last five years, been a member of any management, administrative or supervisory board of any company that has become insolvent or been placed in administration by reason of insolvency or that has gone into liquidation other than stated above. Nor has any member of the Supervisory Board been the subject of public charges and/or sanctions brought against them or imposed on them by government bodies or regulatory authorities (including professional associations). No member of the

Supervisory Board has ever been found by a court of law to be unfit to be a member of a management, administrative or supervisory board of a company whether or not such company is an issuer of shares, or to serve as a manager or conduct the business of any company, whether or not such company is an issuer of shares.

The members of the Supervisory Board and Executive Management Board are not related to each other nor are there any such relationships among members of the Supervisory Board.

The members of the Supervisory Board may be contacted at the Company's business address (Heidelberg Pharma AG, Schriesheimer Strasse 101, 68526 Ladenburg, Germany).

13.3.3. Committees

The Supervisory Board established three committees to efficiently fulfill its responsibilities; each committee is responsible for preparing issues within its purview for the full Supervisory Board. At the regular Supervisory Board meetings, each committee chairman reported to the Supervisory Board on the work of his committee.

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee deals with employment issues and with the remuneration of the members of the Executive Management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. Professor Hettich is the Chairman; Dr Baur is a member of this committee.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr Baur. Its further members are Dr Hothum and Dr Kudlek. The Audit Committee obtained the auditor’s declaration of impartiality pursuant to point 7.2.1 of the German Corporate Governance Code and monitored the auditor’s impartiality Furthermore, the Audit Committee regularly discussed the half-yearly and quarterly reports with the Executive Management Board prior to their publication. Moreover, it provided the Supervisory Board with a recommendation with regard to proposing an auditor for election by the General Meeting. The Audit Committee also monitored the accounting process, the efficacy of the internal control system, the risk management system and the internal auditing system.

Furthermore the Supervisory Board established a Research and Development Committee tasked with issues related to the Issuer's oncological product candidates. This committee is chaired by Dr von Bohlen and Halbach; Dr Kudlek is an additional member. As a rule, the full Supervisory Board discusses at its meetings the status of in-house research activities at Heidelberg Pharma and the preparations and considerations for building the Company’s own ATAC product portfolio.

The Supervisory Board did not establish any other committees.

13.3.4. Remuneration of the members of the Supervisory Board

Details of the remuneration of the current members of the Supervisory Board in the fiscal year 2016 are provided in individualised form in the table below.

Supervisory Board member	Fixed remuneration in EUR (unaudited)	Attendance allowance in EUR (unaudited)	Committee fee in EUR (unaudited)	Total remuneration in EUR (unaudited)
Professor Christof Hettich	35,000	18,000	7,000	60,000
Dr Georg F. Baur	25,000	8,250	8,500	41,750
Dr F. von Bohlen und Halbach	15,000	6,000	10,000	31,000
Dr Birgit Kudlek	15,000	8,250	6,000	29,250

Dr Mathias Hothum	15,000	9,000	0	24,000
Andreas R. Krebs [(1)]	6,774	750	3,000	10,524
Total	**111,774**	**50,250**	**34,500**	**196,524**

The Supervisory Board remuneration for the above-mentioned members in total amounted to EUR 196,524 in 2016. The total remuneration paid to the members of the Supervisory Board comprises a fixed remuneration as well as meeting attendance fees and committee fees. In addition, expenses are reimbursed. The greater scope of activities of the Supervisory Board Chairman and his Deputy as well as for the chairpersons in the committees are taken into account and reflected accordingly by higher remuneration.

No pensions are granted to members of the Supervisory Board; thus, no provisions for pensions of the Supervisory Board are recognised.

13.3.5. Share ownership

The members of the Supervisory Board currently hold shares of the Company as follows:

Member of the Supervisory Board	Shares of the Company as of the date of the Prospectus	Shares to be issued by stock option programmes as of the date of the Prospectus
ProfessorChristof Hettich	8,915,787 [(1)] 40,141 [(2)]	0
Dr Georg F. Baur	31,268	0
Dr F. von Bohlen und Halbach	8,915,787 [(1)]	0
Dr Mathias Hothum	8,915,787 [(1)]	0
Dr Birgit Kudlek	1,700	0

(1) Professor Hettich, Dr von Bohlen und Halbach and Dr Hothum are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which presumably holds the shares

(2) In his capacity as Managing Director of NewMarket Venture Verwaltungs GmbH

13.4. CONFLICTS OF INTERESTS

During fiscal year 2016, one potential conflict was reported and acted upon. Professor Christof Hettich, Chairman of the Supervisory Board, is a partner at Rittershaus law firm, which provides legal consulting services to the Heidelberg Pharma Group. This relationship has been identified as a potential conflict of interest. To the extent that the services provided by the Rittershaus law firm were the subject of deliberations of the Supervisory Board, the Chairman of the Supervisory Board did not take part in these deliberations and abstained from any votes taken.

While some Supervisory Board members also hold positions on supervisory boards of other companies in the pharmaceutical and biotech sectors, none of these companies are considered major competitors of the Issuer, which complies with German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) requirements.

In other respects, the members of the Executive Management Board and Supervisory Board have no existing or potential conflicts of interest with respect to obligations to the Company based on their private interests, membership in governing bodies of companies, or other obligations.

13.5. GENERAL MEETING

A General Meeting may be convened by the Executive Management Board, the Supervisory Board, or shareholders whose shares collectively make up 5% of the capital stock. The annual General Meeting must take place within the first eight months of the fiscal year. It is held at the place of the registered office of the Company or in any other city in the Federal Republic of Germany with a stock exchange.

The General Meeting adopts resolutions regarding, in particular, the distribution of balance sheet profit, the payment of a compensation to the members of the Supervisory Board, the formal approval of the actions of the Executive Management Board and the Supervisory Board, the election of members of the Supervisory Board, the election of the auditor and, in the cases prescribed by law, the approval of the annual financial statements.

Unless otherwise required by mandatory law, resolutions of the General Meeting are adopted by simple majority of the share capital represented at the time the resolution is adopted, unless mandatory law requires a different majority. According to the German Stock Corporation Act (*Aktiengesetz*), resolutions of fundamental importance require, in addition to a majority of the shareholders present, a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. Resolutions of fundamental importance include, in particular:

- Amendments to the Articles of Association,
- Measures of capital increase or reduction,
- The entering into enterprise agreements (e.g. domination and profit and loss transfer agreements),
- Mergers, demergers and changes of corporate form according to the German Reorganisation Act (*Umwandlungsgesetz*), and
- Liquidation of the Company.

Each registered share with no par value carries one voting right in the General Meeting. The Company is not entitled to any voting rights for treasury shares.

13.6. CORPORATE GOVERNANCE

The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) adopted in February 2002 in the current version of 7 February 2017 (the "**Code**") contains recommendations and suggestions relating to the management and supervision of German listed companies in respect of shareholders and the General Meeting, the Executive Management Board and Supervisory Board, transparency, accounting policies and the conduct of audits. There is no duty to comply with the recommendations or suggestions of the Code. German stock corporation law only obliges the executive management boards and supervisory boards of listed companies to issue an annual declaration stating which recommendations were and are complied with or which recommendations were or are not complied with and for what reasons. This statement has to be made permanently available to the shareholders. A company may not deviate from the suggestions contained in the Code without public disclosure.

Executive Management Board and Supervisory Board have issued a declaration of conformity on 3 February 2017 as follows:

"Declaration of Conformity by the Executive Management Board and the Supervisory Board of WILEX AG pursuant to Section 161 of the German Stock Corporation Act

The Executive Management Board and the Supervisory Board declare that WILEX AG has been in conformity with all recommendations (provisions containing terms such as "shall") of the Government Commission on the German Corporate Governance Code (GCGC) as published by the Federal Ministry of Justice in the official section of the Federal Gazette from 4 February 2016, the date of its most recent declaration of conformity, to 3 February 2017, the date of adopting the resolution regarding the declaration of conformity (Code as amended on 5 May 2015), and that the Company is and will be in conformity with said recommendations from 3 February 2017 (Code as amended on 5 May 2015), in each case with the exception of the following:

Section 3.8 (2) and (3) GCGC: *WILEX AG's D&O insurance for the members of its Supervisory Board does not require a deductible. The statutory obligation effective 1 July 2010 to amend the given contracts pursuant to Section 93 (2) sentence 3 German Stock Corporation Act, in conjunction with Section 23 (1) sentence 1 Introductory Act to the German Stock Corporation Act (Einführungsgesetz zum Aktiengesetz), applies solely to insurance policies purchased for members of the Executive Management Board. Section 116 sentence 1 of the German Stock Corporation Act does not require a deductible for the Supervisory Board to be agreed. Instead the law expressly exempts the Supervisory Board from the requirement to agree a deductible. It seems appropriate to distinguish between the Executive Management Board and the Supervisory Board, given the nature of service of the Supervisory Board, which is also evident in the different structure of compensation. Both the Executive Management Board and the Supervisory Board also believe that a deductible would not impact the sense of responsibility and the loyalty with which the members of corporate bodies carry out the tasks and duties assigned to them. In addition, a significant deductible, which – for reasons of equality – would have to be the same for each member, would affect the members of the Supervisory Board very differently, depending on their private income and financial circumstances.*

Section 4.1.5 GCGC, Section 5.1.2 (1) Sentence 2 GCGC, Section 5.4.1 (2) and (3) GCGC: *When appointing individuals to executive positions within WILEX AG, the Executive Management Board is guided solely by the professional and personal qualifications of the given candidate, male or female. The same applies to the Supervisory Board when it appoints individuals to the Executive Management Board and suggests candidates for elections to the Supervisory Board. The percentage of women for the Supervisory Board, the Executive Management Board and for the upper management level was defined and published in the Statement on corporate governance.*

There are no women on WILEX AG's current two-member Executive Management Board. One member of WILEX AG's five-member Supervisory Board is a woman. The professional and personal qualifications of the given candidate, whether male or female, are at the forefront of the concerns of the Executive Management Board and the Supervisory Board when selecting candidates.

Neither the Executive Management Board nor the Supervisory Board consider it effective not to fill, or fill, a vacant position with a woman solely in order to ensure adequate representation of women in leadership positions. In the view of the Executive Management Board and the Supervisory Board, such an approach would not be in the Company's interest.

Regarding its composition the Supervisory Board has not yet specified concrete objectives that – taking into account the company-specific situation – consider the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board, a specified age restriction for members of the Supervisory Board and a specified limit for the term of office as member of the Supervisory Board as well as diversity. Establishing general objectives to compose the Supervisory Board would constitute an inappropriate limitation of the selection of suitable individual candidates for the Supervisory Board. General objectives would interfere with the right of the shareholders to vote the members of the Supervisory Board.

Section 4.2.2 (2) Sentence 3 GCGC: *Until now, the Supervisory Board has applied the criteria for determining appropriate compensation of the Executive Management Board based on the tasks of the individual member of the Management Board, his/her personal performance, the economic situation, the performance and outlook of the enterprise as well as the common level of the compensation taking into account the peer companies and the compensation structure in place in other areas of the Company. No specific and concrete comparison parameters with regard to the senior management and the staff overall, particularly in terms of its development over time, are considered above and beyond this. The Supervisory Board believes that it serves no purpose to base the determination of appropriate compensation of the Executive Management Board on specific comparison parameters.*

Section 4.2.3 (2) Sentence 7 GCGC: *The stock option plan launched in 2005 prior to the stock exchange listing of WILEX AG does not relate to comparison parameters, such as a share index. The new stock option plan launched in 2011, however, uses the TecDAX as a comparison parameter.*

Section 5.1.2 (2) Sentence 3 GCGC: *No age restriction has been or will be specified for members of the Executive Management Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, as rigid regulations on the retirement age may result in the Company having to forego the expertise of key staff.*

Section 5.4.1 (2) Sentence 1 GCGC: *No age restriction and no limit for the term of office as member to the Supervisory Board has been or will be specified for members of the Supervisory Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, as rigid regulations on the retirement age or the term of office as member may result in the Company having to forego the expertise of key staff. In addition, such limits for Supervisory Board members would also restrict the rights of the Company's shareholders to elect their representatives to the Supervisory Board.*

Section 5.4.3 Sentence 3 GCGC: *The proposed candidates for the Supervisory Board chair are not announced to the shareholders during the Annual General Meeting at which the members of the Supervisory Board are elected. Since it is the task of the Supervisory Board to elect a chairman from among its members at its inaugural meeting, earlier announcement of possible candidates does not seem appropriate and would pre-empt the decision-making process.*

Section 7.1.2 Sentence 4 GCGC: *The annual report and thus the consolidated financial statements for the 2015 financial year were not made publicly available within 90 days of the end of the financial year on 30 November 2015. Due to the course of business in 2015, considerable discussions were held, above all, regarding the business forecast, which in turn is material for the forecast in terms of continuing as a going concern. Therefore, the consolidated financial statements could not be published within the period specified by the GCGC.*

WILEX AG furthermore complies with the majority of the suggestions contained in the German Corporate Governance Code (provisions containing terms such as "should")."

At the date of the Prospectus, the content of the declaration of conformity of the Company is still valid as described above.

14. RELATED PARTY TRANSACTIONS

For the purposes of the following description of transactions involving companies belonging to the Group and related parties, the following persons are considered related parties:

- Current and former members of the Executive Management Board or Supervisory Board and close family members of these persons
- Enterprises in which the aforementioned persons hold an equity interest, whether directly or indirectly, or held such interest at the time when a transaction was concluded with a company belonging to the Group.
- Enterprises in which the aforementioned persons hold a position on a corporate body of such enterprise or held such position at the time when a transaction was concluded with a company belonging to the Group.

Irrespective of the foregoing definition, all transactions with related parties within the meaning of IAS 24 are set out below.

Until the date of the Prospectus, the following transactions between the Group and related parties occurred in 2017:

- In 1999, the Issuer granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014. The commitment promises the beneficiary a one time payment of EUR 47 k upon reaching the age of 60. The defined benefit pension commitment is based on plan assets funded with a one-time payment of EUR 15 k into a reinsurance policy in 2000. The Issuer assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.

- Furthermore, Heidelberg Pharma Research granted Dr Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the Company for which matching reinsurance was arranged.

- Since 2005, the Issuer has issued a total of 1,258,515 subscription rights to current and former members of the Executive Management Board and to individuals who were appointed to the Executive Management Board at a later time under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 364,000), of which 487,500 options were outstanding after returns following employees leaving the Company (2005 Plan: 150,000; 2011 Plan: 337,500). As of the date of the Prospectus, 314,250 of these options are vested (2005 Plan: 150,000; 2011 Plan: 164,250). No stock options have been exercised to date.

- The Rittershaus law firm invoiced legal consulting services for the Issuer and Heidelberg Pharma Research in the amount of approximately EUR 15 k in the financial year 2017 up to the date of this Prospectus. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

In 2016, the following transactions between the Group and related parties occurred:

- In 1999, the Issuer granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014. The commitment promises the beneficiary a one time payment of EUR 47 k upon reaching the age of 60. The defined benefit pension commitment is based on plan assets funded with a one-time payment of EUR 15 k into a reinsurance policy in 2000. The Issuer assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.
- Furthermore, Heidelberg Pharma Research granted Dr Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the Company for which matching reinsurance was arranged.

- Since 2005, the Issuer has issued a total of 1,258,515 subscription rights to current and former members of the Executive Management Board and to individuals who were appointed to the Executive Management Board at a later time under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 364,000), of which 487,500 options were outstanding after returns following employees leaving the Company (2005 Plan: 150,000; 2011 Plan: 337,500). As of 30 November 2016, 267,000 of these options are vested (2005 Plan: 150,000; 2011 Plan: 117,000). No stock options have been exercised to date.
- The Rittershaus law firm invoiced legal consulting services for the Issuer and Heidelberg Pharma Research in the amount of approximately EUR 16 k in the financial year 2016. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

In 2015, the following transactions between the Group and related parties occurred:

- In 1999, the Issuer granted a defined benefit pension commitment to Professor Olaf G. Wilhelm that promises the beneficiary a one-time payment of EUR 47 k upon reaching the age of 60. The defined benefit pension commitment is based on plan assets funded with a one-time payment of EUR 15 k into a reinsurance policy in 2000. The Issuer assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.
- Furthermore, Heidelberg Pharma Research granted Dr Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the Company for which matching reinsurance was arranged.
- Since 2005, the Issuer has issued a total of 1,006,515 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 112,000), of which 814,835 options were outstanding after returns following employees leaving the Company (2005 Plan: 729,335; 2011 Plan: 85,500). As of the end of the financial year 2015, 810,585 of these options are vested (2005 Plan: 729,335; 2011 Plan: 81,250). No stock options have been exercised to date.
- The Rittershaus law firm provided legal consulting services for the Issuer and Heidelberg Pharma Research of approximately EUR 39 k in the financial year 2015. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

In 2014, the following transactions between the Group and related parties occurred:

- In 1999, the Issuer granted a pension commitment to Professor Olaf G. Wilhelm as part of a deferred benefit. The Issuer assumes that no additional payments to the plan will be necessary. No retirements are expected in the next five years either.
- Furthermore, Heidelberg Pharma granted Dr Schmidt-Brand a pension commitment in 2012 in his capacity as an executive of the Company for which matching reinsurance was arranged.
- The Issuer signed a loan agreement for up to EUR 10 m with its two main shareholders, dievini Hopp BioTech holding GmbH & Co. KG and UCB Pharma S.A., Brussels, Belgium ("**UCB**"), on 17 December 2010 subject to subordination and payable in two instalments. The share of dievini in this loan was EUR 7.5 m, and that of UCB EUR 2.5 m. The interest was 6% annually. During the cash/non-cash capital increase in August 2012, the loan by shareholder dievini was converted into new shares as part of a contribution in kind with the existing repayment claim, including interest. The Issuer announced on 18 September 2014 that the shareholder UCB had waived its claim for repayment of the shareholder loan to the Issuer in the amount of EUR 2.5 m as well as interest of EUR 100 k accrued in 2014. In connection with the contractual termination of the development partnership, this waiver was agreed for the transfer to UCB of the product candidates (an MEK and a PI3K inhibitor as well as three early-stage antibody programmes) including all received rights thereto, development data and documentation as well as intellectual property. After the transfers were completed, the declaration of the waiver with effective date 30 August 2014 was mutually signed and accepted. As a result, the loan from UCB no longer exists as of the 30 November 2014 reporting date.

- Since 2005, the Issuer has issued a total of 1,006,515 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 112,000), of which 814,835 options were outstanding after returns following employees leaving the Company (2005 Plan: 729,335; 2011 Plan: 85,500). As of 30 November 2014, 785,085 of these options are vested (2005 Plan: 729,335; 2011 Plan: 55,750). No stock options have been exercised to date.
- The Rittershaus law firm provided legal consulting services for the Issuer and Heidelberg Pharma Research of approximately EUR 18 k in the financial year 2014. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

In the opinion of the Company, all the transactions described were executed at market prices.

15. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following sections describe a number of key German taxation principles that may be relevant to purchasing, holding and transferring shares. The information provided does not constitute a comprehensive or definitive explanation of all possible aspects of taxation in this area. This summary is based on applicable German tax law as of the date hereof, including the double taxation treaties that Germany has concluded with other countries. It should be noted that the legal situation may change, including, in certain cases, with retroactive effect.

Persons interested in purchasing shares should seek advice from their own tax counsel regarding the tax implications of purchasing, holding, disposing, donating and bequeathing shares, and the regulations on reclaiming previously withheld withholding tax (*Kapitalertragsteuer*). Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

15.1. TAXATION OF THE COMPANY

The earnings of the Company are subject to corporate income tax of 15% plus a solidarity surcharge (*Solidaritätszuschlag*) of 5.5% of this amount (i.e., a total tax rate of 15.825%). In addition, income generated at its German places of business is also usually subject to trade tax of between 7% and 17.5%, depending on the multiplier applied by the competent municipal authority.

In principle, dividends that a company receives from German or foreign corporations are exempt from tax, if the dividends are received by a company that holds a direct participation of at least 10% in the share capital of the company that is paying the dividends at the beginning of the calendar year in which the dividends are paid or deemed to be paid. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. However, 5% of these dividends are deemed to be non-deductible operating expenses, increasing the tax base, and thus are subject to tax. Similar rules apply to gains from the disposal of shares in such corporations. However, losses on disposals are not tax deductible.

For trade tax purposes, the exemption of dividends from German or foreign companies as described above depends, among other things, on whether the company that is receiving the dividends has held or holds a stake of at least 15% in the share capital of the company making the distribution since the beginning of the assessment period. In the case of companies domiciled in another member state of the European Union, a stake of 10% at the beginning of the assessment period is sufficient. Otherwise, profits resulting from shares in corporations are fully subject to trade tax.

The rules on interest deduction limits (*Zinsschranke*) limit the degree to which interest expenses are tax deductible. Hence, for corporate income and trade tax purposes, if no exception to the rules on interest deduction limits applies, net interest expense is only deductible in an amount of up to 30% of attributable EBITDA for tax purposes (*verrechenbares EBITDA*) in the given fiscal year. Non-deductible interest expense or attributable EBITDA that has not been fully utilised can be carried forward to subsequent years if certain prerequisites are met. For the purpose of trade tax, however, an additional barrier to the deductibility of interest expenses exists: since 25% of the interest expense, to the extent it was deducted for income tax purposes, is added back to compute the trade tax base, the deductibility generally amounts to only 75%.

While there is no limit on carrying over tax loss carry forwards, they can only be fully offset against taxable income up to EUR 1 m in each year. In addition, 60% of the portion of taxable income exceeding this amount can be offset with existing tax loss carry forwards; 40% remains subject to corporate income tax and trade tax at the applicable rates (referred to as minimum taxation).

If, directly or indirectly, more than 50% of a company's shares or voting rights are transferred to a purchaser (including parties related to the purchaser and a group of purchasers whose interests are aligned) or a similar transfer occurs within five years, all of the company's as yet unused loss carry forwards and interest carry forwards lapse and any losses accrued during the current fiscal year until the relevant transfer may generally not be offset against future profits if no exception to such rules applies. If, directly or indirectly, more than 25% up

to and including 50% of the shares or voting rights are transferred to a purchaser (including parties related to the purchaser and a group of purchasers whose interests are aligned), the loss carry forwards, the interest carry forwards, or accrued losses pertaining to the current fiscal year are generally forfeited only in proportion to the shares or voting rights transferred if no exception to the rules applies.

15.2. TAXATION OF SHAREHOLDERS

In the taxation of shareholders is has to be distinguished between the taxation in connection with the holding of shares or the sale of shares and the gratuitous transfer of shares.

15.2.1. Taxation of Dividends

Dividends distributed by the Company are generally subject to withholding tax (*Kapitalertragsteuer*) at a rate of 25% on the amount of the distribution. A solidarity surcharge of 5.5% is also levied on the withholding tax amount, resulting in a total withholding of 26.375% (plus church tax, if any). The assessment basis for the withholding tax is the dividend approved by the general shareholders' meeting. However, if monies from the tax contribution account (*steuerliches Einlagenkonto*) are to be used for the distribution, the dividend payment is generally not subject to withholding tax.

The withholding tax is generally withheld regardless of whether and to what extent the dividend is exempt from tax at the shareholder's level and whether the shareholder is a resident of Germany or elsewhere. The Company does not assume responsibility for the withholding of taxes at the source.

The German bank, German financial services institution, German securities trading firm or German securities trading bank (including German branches of foreign banks or institutions) with which the shares are deposited or that administers the shares and that disburses or credits the dividends or that disburses the dividends to a foreign institution, or the collective deposit bank for securities that received the shares for collective deposit if it disburses the dividends to a foreign institution, has to withhold and remit the tax.

In the case of dividends paid to a company domiciled in another European Union member state and subject to the Council Directive 2011/96/EU dated 30 November 2011 (the "**Parent-Subsidiary Directive**"), upon application and, provided that other conditions are also met, including substance requirements of the German anti-treaty-shopping rules, the withholding tax is reduced to zero. The same applies to dividends paid to a permanent establishment of such company located in another European Union member state and to dividends paid to a permanent establishment of a German parent company located in another European Union member state if the shares in the Company are classified as business assets of the respective permanent establishment for tax purposes. Main requirement for the application of the Parent-Subsidiary Directive is that the shareholder holds a direct participation of at least 10% in the share capital of the company that is paying the dividends for at least one calendar year.

In certain additional cases, companies domiciled in another European Union or European Economic Area member state may be entitled to a refund of withholding tax, although the minimum holding requirements of the Parent-Subsidiary Directive are not met. In the case of dividends paid to foreign shareholders, a reduced withholding tax rate may be applied (as a general rule, a rate of 15%) if a foreign shareholder can claim recourse pursuant to a double taxation treaty concluded between his country of residence and Germany and other conditions are met, including substance requirements of the German anti-treaty-shopping rules.

The reduction of the withholding tax rate generally does not affect the obligation to comply with withholding obligations. However, an application may be made to the Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuer, An der Küppe 1, 53225 Bonn*) for a refund of the difference between the withholding tax withheld and the maximum rate stipulated in the double taxation treaty or the zero rate of the Parent-Subsidiary Directive. The shareholder, having a certain minimum substance, must submit a certificate, issued by the institution that withheld the tax, together with the completed application form and further documents to receive a refund. Forms for the refund process are available from the Federal Central Tax Office or from German embassies and consulates.

Alternatively, withholding tax does not have to be withheld if, prior to the distribution, the tax authorities have issued a (partial) exemption certificate upon application.

If dividends are paid to corporations with limited tax liability in Germany, i.e., corporations with no registered office or place of management in Germany, then two-fifths of the withholding tax withheld as well as two-fifths of the solidarity surcharge thereon can be refunded, subject to certain restrictions. This refund is permissible irrespective of the applicability of any double taxation treaty or the fulfillment of the requirements set forth in the Parent-Subsidiary Directive. Nevertheless, certain conditions have to be met, including substance requirements of the German anti-treaty-shopping rules. The corporation must, however, file an application form with the Federal Central Tax Office (*Bundeszentralamt für Steuern*).

15.2.1.1. Shareholders Tax Resident in Germany

15.2.1.1.1. Shares Held as Part of the Private Assets of Individuals

The tax liability applicable to dividend payments to shareholders who are German tax residents and who hold shares as part of their private assets (*Privatvermögen*) is generally satisfied by withholding a flat tax (*Abgeltungsteuer*) of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) as described above (see "*15.2.1 Taxation of Dividends*"). Income-related expenses incurred in connection with private investment income are not tax deductible. The only deduction that may be made is an annual flat-rate savings allowance of EUR 801 (EUR 1,602 for joint-filing spouses) (*Sparer-Pauschbetrag*) on all private capital income. Shareholders may apply for the whole amount of their capital income to be taxed at the progressive income tax rate based on their personal circumstances instead of the flat rate withholding tax if this results in a lower tax burden. In such cases, the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. In this case it is also not possible to deduct any income related expenses other than the flat-rate savings allowance. The church tax of shareholders who are liable for it, will automatically be withheld without any request or application.

Shareholders, who hold, directly or indirectly, an interest of at least 25% in the Company, and shareholders who hold, directly or indirectly, at least 1% in the Company and work for the Company may request an exemption from the flat-rate withholding tax. In this case, 60% of the dividends paid to the shareholder are subject to income tax according to the applicable rate plus solidarity surcharge (plus church tax, if any). Business expenses incurred in connection with dividend income are generally 60% tax-deductible. Trade tax is generally not levied. The withholding tax withheld is offset against the income tax and any excess withholding is refunded.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do—contrary to the above—not form part of the shareholder's taxable income. If the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceeds the shareholder's acquisition costs, negative acquisition costs will arise which can result in a higher capital gain in case of the shares' disposal (cf. below). This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal, directly or indirectly held at least 1% of the share capital of the Company (a ''**Qualified Holding''**) and (ii) the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceeds the acquisition costs of the shares. In such a case of a Qualified Holding, a dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the section "*15.2.2. Taxation of Capital Gains"* made with regard to shareholders maintaining a Qualified Holding.

15.2.1.1.2. Shares Held as Part of the Business Assets (Betriebsvermögen)

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. The taxation depends on whether the shareholder is an incorporated entity, a sole proprietor or a commercial partnership (co-entrepreneurship). The withholding tax (including the solidarity

surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and, if applicable, church tax) or refunded in the amount of any excess.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceed the acquisition costs of the shares, a taxable capital gain should occur.

Incorporated Entities. Dividends paid to incorporated entities that are tax resident in Germany are generally exempt from tax, provided that the incorporated entity holds a direct participation of at least 10% in the share capital of the company that is paying the dividend at the beginning of the calendar year in which the dividends are paid or deemed to be paid. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. However, 5% of the tax-exempt dividends are deemed to be non-deductible operating expenses, increasing the tax base and thus attract tax. Business expenses actually incurred in connection with dividend income from a tax perspective are generally tax-deductible. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a pro rata basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

For trade tax purposes, dividends are only exempt as described above if the entity that is receiving the dividends held a stake of at least 15% in the share capital of the Company at the beginning of the assessment period (*gewerbesteuerliches Schachtelprivilieg*). Otherwise, the dividends (after deducting business expenses economically related to the dividends) will be fully subject to trade tax.

Sole Proprietors 60% of the dividends paid to individuals who are German tax residents and who hold shares as part of their business assets are subject to income tax according to the applicable rate plus a solidarity surcharge of 5.5% of this amount (plus church tax, if any) (*Teileinkünfteverfahren*). The withholding tax withheld is offset against the personal income tax due and any excess amount is refunded. The same applies to the solidarity surcharge. Generally only 60% of the business expenses incurred in connection with dividend income from a tax perspective are tax-deductible. If the shares are held as part of a business asset which is a business enterprise (*Gewerbebetrieb*) the dividends are also subject to trade tax, which is generally (partially) credited towards the individual's income tax by a lump-sum method. The dividends are exempt from trade tax, provided that the shareholder held at least 15% of the Company's share capital at the beginning of the relevant assessment period (*gewerbesteuerliches Schachtelprivileg*).

Commercial Partnerships Income tax or corporate income tax (including solidarity surcharge) is not levied at the level of the partnership but rather at the level of the respective partner. The actual taxation for each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in its profit share are taxed in accordance with the principles applicable to corporations (see "—Incorporated Entities" above). If the partner is an individual and the shares are held as business assets of the partnership, dividends contained in the profit share are taxed in accordance with the principles applicable to sole proprietors (see "—Sole Proprietors" above). Subject to certain conditions, an individual partner may request that its personal income tax be lowered for earnings not withdrawn from the partnership.

If the partnership is liable for trade tax, it is levied at the level of the partnership. If an individual holds an interest in the partnership, the trade tax may be credited proportionately towards the individual's income tax by means of a lump-sum method.

15.2.1.1.3. Shares Held as Part of the Assets of Certain Companies in the Financial and Insurance Sector

The tax exemption applicable to dividends paid to corporations does not apply to dividends paid to certain companies in the financial and insurance sector.

Dividends from shares that are part of the trading books of banks and financial services institutions, as well as dividends from shares that are acquired by certain financial enterprises with the aim of generating a short-term

proprietary trading profit, are fully liable for corporate income tax (plus solidarity surcharge). If the stake held at the beginning of the relevant assessment period is 15% or higher, subject to certain conditions, the dividends can be exempted from trade tax. Dividends from shares that are classified as investments in the case of life insurers, health insurers and pension funds are fully subject to corporate income tax and trade tax. If the Parent-Subsidiary Directive applies, subject to certain conditions, the 95% of the dividends can be exempted from tax.

15.2.1.2. Shareholders Not Tax Resident in Germany

Dividends paid to shareholders who are not German tax residents (individuals and corporations) are generally subject to German taxation.

If the shares are held as part of business assets in Germany (i.e., via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), the provisions outlined above with respect to the taxation of shareholders that are German tax residents principally apply accordingly. The withholding tax and solidarity surcharge that is withheld at source and remitted to the German tax authorities can generally be credited towards the shareholder's German income tax or corporate income tax liability or refunded in the amount of any excess paid.

In all other cases, the tax liability of the dividends is settled via the withholding tax plus the solidarity surcharge (which may be reduced pursuant to an applicable double taxation treaty or under national tax laws).

15.2.2. Taxation of Capital Gains

15.2.2.1. Shareholders Tax Resident in Germany

15.2.2.1.1. Shares Held as Part of the Non-Business Assets of Individuals

Capital gains are classified as income from capital investments and are subject to income tax (plus solidarity surcharge and church tax, if any) irrespective of how long the shares have been held.

The German paying agent (bank, financial services institution, securities trading company or securities trading bank) that is holding the shares or carrying out the sale on behalf of the shareholder and paying out the capital yield must withhold withholding tax of 25% (plus 5.5% solidarity surcharge, resulting in a total withholding of 26.375%, and church tax, if any) in the case of shares held as private assets. The taxable capital gain is generally calculated by deducting the acquisition costs of the shares and the expenses directly related to the disposal from the proceeds of the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto, § 27 KStG*) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceed the acquisition costs, negative acquisition costs—which can increase a capital gain—can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as a Qualified Holding.

A shareholder's income tax and solidarity surcharge liability is generally satisfied through the withholding of the withholding tax. Shareholders may, however, request that a tax assessment be carried out on their income from capital investments if this results in a lower tax liability. Income from capital investments may be reduced only by a flat-rate savings allowance of EUR 801 (EUR 1,602 for joint-filing spouses); it is not possible to deduct the income-related expenses actually incurred. Shareholders may apply for the whole amount of their capital income to be taxed at the progressive income tax rate based on their personal circumstances instead of the flat rate withholding tax if this results in a lower tax burden. In such cases, the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. In this case it is also not possible to deduct any income related expenses other than the flat-rate savings allowance. Church tax of Shareholders who are liable for it, will generally automatically be withheld.

Losses on sale of shares may only be off-set against profits arising from sale of shares.

In case of a Qualified Holding, any capital gains realised are deemed to be trading income such that the withholding tax levied on the capital gains does not satisfy the tax liability. The capital gains are 60% taxable at the individual tax rate of the shareholder. The withholding tax and solidarity surcharge withheld are credited towards the shareholders' tax liability or refunded in the amount of any excess paid on their tax assessment. Trade tax is generally not levied.

15.2.2.1.2. Shares Held as Part of the Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to uniform withholding tax. The taxation of the capital gains depends on whether the shareholder is an incorporated entity, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise

Incorporated Entities. Gains from the disposal of shares held by incorporated entities tax resident in Germany are generally not subject to withholding tax and are in principle exempt from corporate income tax and trade tax. However, 5% of the capital gains are deemed non-deductible business expenses, increasing the tax base and thus attract corporate income tax (plus solidarity surcharge) and – if the shares are held as part of the commercial business assets in Germany –trade tax. Consequently, capital gains are generally 95% exempt from tax. As a rule, losses on disposals and other profit reductions in connection with the shares sold may not be deducted as business expenses.

Sole Proprietor. Gains from the disposal of shares held by individuals are not subject to withholding tax if the disposal proceeds are part of the business income of a business based in Germany and the shareholder declares this fact to the German paying agent on the designated official form. If the withholding tax and solidarity surcharge have been withheld, this does not satisfy the tax liability with respect to gains from the disposal of shares held as part of the business assets. Amounts withheld are instead credited towards the seller's income tax (plus solidarity surcharge) liability or refunded in the amount of any excess paid. 60% of the gains from the disposal of the shares is subject to income tax (plus solidarity surcharge and church tax, if any) at the individual tax rate of the shareholder and – if the shares are held as part of commercial business assets in Germany – to trade tax. The trade tax is (partially) credited to the shareholder's personal income tax by means of a lump-sum method. Generally, only 60% of the losses on disposals and business expenses economically linked to the shares sold may be deducted.

Commercial Partnerships. Income tax or corporate income tax is not levied at the level of the partnership but at the level of the respective partners. If shares are held as business assets of the partnership, taxation is determined as if the partner held a direct interest in the Company, according to the rules outlined above depending on whether the partner is a corporation (see "—Incorporated Entities") or an individual (see "—Sole Proprietor"). Upon request and subject to further conditions, a partner that is an individual may have its personal income tax lowered for earnings not withdrawn from the partnership.

For a partnership, capital gains are subject to trade tax if the shares are part of the business assets of a German business operation or a domestic permanent establishment of the partnership. 5% of these gains are subject to trade tax insofar as they relate to the profit share of a partner that is a corporation and 60% insofar as they relate to the profit share of a partner that is an individual. In the latter case, the trade tax is (partially) credited to the partner's personal income tax by means of a lump-sum method. Losses on disposals and business expenses economically linked to the shares sold may not be deducted insofar as they relate to the profit share of a partner that is a corporation, 60% of it may be deducted insofar as they relate to the profit share of a partner that is an individual.

15.2.2.1.3. Shares Held as Part of Assets of Certain Companies in the Financial and Insurance Sector

Capital gains realised by certain companies in the financial and insurance sector are, as an exception to the aforementioned rules, fully taxable. This generally applies to gains from the disposal of shares in the trading books of banks and financial services companies, to gains from the disposal of shares that were acquired by financial enterprises with the aim of generating a short-term proprietary trading profit, as well as to gains from the disposal of shares held as investments by life insurers, health insurers and pension funds.

15.2.2.2. Shareholders Not Tax Resident in Germany

Gains from the disposal of shares held by shareholders that are not tax resident in Germany as part of German business assets (i.e., via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), are taxed in Germany principally according to the same provisions that apply to the taxation of shareholders that are German tax residents as described above.

Otherwise, capital gains realised by shareholders that are not German tax residents are taxable in Germany only if the shareholder has a Qualified Holding in the Company. As a general rule, double taxation agreements concluded by Germany normally provide for full exemption from German taxation in such cases and assign fiscal jurisdiction to the shareholder's country of residence. If tax is levied in Germany and the shareholder is a corporation, generally no more than 5% of the capital gains will ultimately be subject to corporate income tax and the solidarity surcharge. In the case of individuals, by contrast, 60% of the gains from the disposal of the shares are subject to income tax (plus solidarity surcharge). Losses on disposals and other profit reductions or expenses incurred in connection with the shares may be deducted only to a limited extent in line with the principles outlined above.

15.2.3. Inheritance and Gift Tax

The transfer of shares to another person upon death or as a gift is generally subject to German inheritance or gift tax in the following circumstances:

(i) the place of residence, customary place of abode, place of management or registered office of the testator, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five consecutive years outside Germany without having a place of residence in Germany;

(ii) the testator's or donor's shares were part of business assets for which there was a place of business in Germany or for which a permanent representative was appointed; or

(iii) the testator, at the time of death, or the donor, when the gift was made, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other persons closely connected to them.

The small number of double taxation treaties regarding inheritance and gift tax that Germany has concluded to date generally provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

15.2.4. Other Taxes

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of shares or other forms of share transfer. Wealth tax is currently not levied in Germany. However, an entrepreneur can opt to pay value-added tax on the sale of shares, despite being generally exempt from value-added tax, if the shares are sold to another entrepreneur for the entrepreneur's business. The European Commission has published a draft directive for the introduction of a financial transaction tax in 11 member states (including Germany). As currently discussed, the financial transaction tax would not apply before 1 January 2018 on financial transactions, including the transfer of shares in the Company.

15.2.5. EU Savings Directive

Under the European Union Directive 2003/48/EU, adopted on June 3, 2003, on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State.

15.3. TAXATION OF THE NOTES

15.3.1. Exercise of Conversion Right

The conversion of the Notes into Shares should not be treated as a disposal of the Notes for German tax purposes and, hence, not give rise to tax. The purchase price for the Notes should be rolled over as acquisition cost of the Shares.

There is a current approach of the Bavarian fiscal authorities according to which tax shall arise on the difference between the nominal amount of the Notes and the fair market value of the Shares received with the conversion. It is currently unclear, if other fiscal authorities will follow this approach or not.

15.3.2. Sale or Redemption of the Notes.

15.3.2.1.1.Noteholders resident in Germany
15.3.2.1.2.Notes Held as Part of the Private Assets of Individuals
Capital gains resulting from a sale or a redemption of the Note are classified as income from capital investments and are subject to income tax (plus solidarity surcharge and church tax, if any).

If a Domestic Paying Agent holds the Notes or carries out the sale on behalf of the Noteholder and pays out the proceeds, it must withhold withholding tax of 25% (plus 5.5% solidarity surcharge, resulting in a total withholding of 26.375%, and church tax, if any) in the case of Notes held as private assets. A Noteholder's income tax and solidarity surcharge liability is generally satisfied through the withholding of the withholding tax.

The taxable capital gain is generally calculated by deducting the acquisition costs of the shares and the expenses directly related to the disposal from the proceeds of the disposal.

Noteholders may, however, request that a tax assessment be carried out on their income from capital investments if this results in a lower tax liability. Amounts withheld are instead credited towards the Noteholder's income tax (plus solidarity surcharge) liability or refunded in the amount of any excess paid.

Income from capital investments may be reduced only by a flat-rate savings allowance of EUR 801 (EUR 1,602 for joint-filing spouses); it is not possible to deduct the income-related expenses actually incurred. Noteholders may be liable for church tax, which is generally determined by means of an income tax assessment. However, noteholders may request that the German Paying Agent withholds church tax in order to satisfy this church tax liability. From 1 January 2015 church tax will automatically be withheld.

Losses on sale of Notes may only be off-set against profits arising from capital income. If no Domestic Paying Agent withhelds the withholding tax and the solidary surcharge, each Noteholder has to declare the proceeds in its tax assessment.

If the Noteholder making the disposal – or, in the event of a sale of Notes acquired without consideration, its legal predecessor – held a direct or indirect stake of at least 1% in the Company's share capital (maybe even including the Note which gives the right to receive shares) at any time in the five years preceding the disposal, any capital gains realised should be deemed to be trading income such that the withholding tax levied on the capital gains should not satisfy the tax liability. The capital gains should be 60% taxable at the individual tax rate of the Noteholder. The Noteholder has to declare the capital gains in its tax assessment. The withholding tax and solidarity surcharge withheld are credited towards the Noteholders' tax liability or refunded in the amount of any excess paid on their tax assessment.

15.3.2.1.3. Notes Held as Part of the Business Assets (Betriebsvermögen)
Capital gains resulting from a sale or a redemption of the Note, generated by Noteholders who are resident in Germany and who hold the Notes as part of the business assets are not satisfied by the withholding of a flat tax. They are subject to German personal (progressive income tax rate based on their personal circumstances) or corporate income tax (tax rate of 15 %) and in both cases plus solidarity surcharge thereon.

The aforementioned taxation of 60% of the capital gains may apply if an individual as sole proprietor holds the Notes as part of its business assets or if a commercial partnership holds the Notes in its business assets, insofar as the capital gains relate to an individual as partner in the commercial partnership.

Withholding tax and solidarity surcharge withheld are credited towards the Noteholders' tax liability or refunded in the amount of any excess paid on their tax assessment.

The Capital gain is also subject to trade tax of between 7% and 17.5%, depending on the multiplier applied by the relevant municipal authority, if the Notes form part of a German trade or business. If an individual holds an interest in the partnership, the trade tax may be credited proportionately towards the individual's income tax by means of a lump-sum method.

The Domestic Paying Agent may under certain circumstances refrain from withholding tax on the capital gains if the Notes are held as part of business assets.

15.3.2.1.4. Noteholders not resident in Germany

Gains from the disposal of Notes held by Noteholders that are not German tax residents should only be subject to German taxation if (i) the Notes form part of German business assets (i.e., via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), or (ii) the Noteholder making the disposal – or, in the event of shares acquired without consideration, their legal predecessor – held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal. When calculating the stake in the Company, the Notes may have to be included, as they give the right to receive shares.

As a general rule, double taxation agreements concluded by Germany normally provide for full exemption from German taxation in the second case and assign fiscal jurisdiction to the Noteholder's country of residence.

The Domestic Paying Agent may under certain circumstances refrain from withholding tax on the capital gains if the Notes are held as part of business assets in Germany.

16. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in the Grand Duchy of Luxembourg as of the date of this prospectus. It does not purport to be a comprehensive description of all the tax considerations that might be relevant to an investment decision. 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. It is a description of the essential material tax consequences in the Grand Duchy of Luxembourg with respect to the holding of shares or convertible bonds in the Company and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders or bond holders. This summary is based on the laws in force in the Grand Duchy of Luxembourg on the date of this prospectus and may be subject to any change in law that may take effect after such date. **Prospective bondholders or shareholders should consult their professional tax advisors with respect to their particular circumstances, the effects of state, local or foreign laws to which they may be subject, to their tax position and to the tax consequences of the purchase, acquisition, holding or conversion of bonds or the purchase, acquisition, holding or disposition of shares.** This summary does not take into account taxation resulting from the application of anti-abuse rules such as treaty/directive shopping, general avoidance rules and other measures derived from the OECD action plan under the base erosion and profit shifting (BEPS) project.

The residency concept used under the respective headings applies for the Grand Duchy of Luxembourg 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 tax law and/or concepts of the Grand Duchy of Luxembourg only. A reference to the Grand Duchy of Luxembourg income tax encompasses corporate income tax ("*impôt sur le revenu des collectivités"*), municipal business tax ("*impôt commercial communal"*), as well as personal income tax (*"impôt sur le revenue")*, contribution to the unemployment fund ("*fonds de l'emploi*") and dependency contribution (*"contribution à l'assurance dépendence"*) generally. Corporate shareholders may further be subject to net wealth tax ("*impôt sur la fortune"*) as well as other duties, levies or taxes. Corporate income tax and municipal business tax invariably apply to most corporate taxpayers resident in the Grand Duchy of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

16.1. TAXATION OF SHARES OF A NON-RESIDENT COMPANY

16.1.1. Withholding Tax

Dividend payments made to resident shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived thereof are not subject to a withholding tax in the Grand Duchy of Luxembourg.

The dividend payments subject to a German withholding tax are reduced to 15% under the Double Taxation Treaty between Germany and the Grand Duchy of Luxembourg. The reduction and refund have to be claimed from the German tax administration. The German withholding tax on dividends paid entitles the shareholder resident in the Grand Duchy of Luxembourg to a tax credit for the tax withheld. This tax credit may not exceed the corresponding income tax.

16.1.2. Income Tax

16.1.2.1. Taxation of Income Derived From Shares and Capital Gains Realized On Shares by

16.1.2.1.1. Individuals Resident in the Grand Duchy of Luxembourg

Dividends and other payments derived from the shares by resident individual shareholders, 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 applicable progressive ordinary rate (the top marginal tax rate is 42%), plus an unemployment fund

contribution of 7% or 9% (depending on the personal situation and a contribution for dependency levied thereon at the rate of 1.4%). A tax credit is granted for the foreign withholding taxes, provided that it does not exceed the corresponding income tax. Such dividends may benefit from a 50% exemption set forth in the Luxembourg Income Tax Law, subject to fulfilment of the conditions set out therein. Capital gains realized on the disposal of the shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless they qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A shareholding is deemed to be substantial where a resident individual shareholder holds, either alone or together with the 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. A shareholder is also deemed to transfer a substantial shareholding if it was acquired free of charge, within the five years preceding the transfer, and it was a substantial shareholding in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial shareholding more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (that is, 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), and may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (which is doubled for taxpayers who are jointly taxable). A disposal includes a sale, an exchange, a contribution or any other kind of transfer of the shares.

Capital gains realized on the disposal of the shares by resident individual shareholders, 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 shares have been disposed of and the lower of their cost or book value. Municipal business tax may also be due depending on the nature of the activities in question.

16.1.2.1.2. Fully Taxable Undertakings with a Collective Character ("Companies") and Permanent Establishments of Foreign Companies Resident in the Grand Duchy of Luxembourg

Unless benefiting from a special tax regime, dividends and other payments made by the Company to a resident fully-taxable undertaking with a collective character ("organisme à caractère collectif") (hereafter referred to as "companies" or "company") resident in the Grand Duchy of Luxembourg or to a permanent establishment of a company non-resident in the Grand Duchy of Luxembourg to which the shares are attributable are subject to corporation taxes (corporate income tax and municipal business tax plus the contribution to the unemployment fund of 7%) at the global rate of 27,08% (rate applicable in the City of Luxembourg). Such dividends may benefit either from the 50% exemption or the full exemption set forth in the Income Tax Law, subject in each case to fulfilment of the respective conditions set out therein. A tax credit is granted for foreign withholding taxes, provided such credit does not exceed the corresponding corporate income tax on the dividends and other payments derived from the shares.

Capital gains realized on the sale of shares may benefit from the full exemption provided for by the Income Tax Law subject to fulfilment of the conditions set out therein.

Shares held through a tax transparent entity are considered as a direct shareholding proportionally to the percentage held in the assets of the transparent entity.

Taxable gains are determined to be the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

16.1.2.2. Alternative minimum tax

As of 2016 the minimum corporate income tax for resident companies has been replaced by a minimum net wealth tax.

16.1.3. Net Wealth Tax and minimum net wealth tax

The Grand Duchy of Luxembourg does not levy a net wealth tax on a holder of shares, unless (i) such holder is a fully taxable resident company or (ii) such shares are attributable to an enterprise or part thereof which is carried on through a permanent establishment of a non-resident company.

Unless benefiting from a special tax regime, net wealth tax will be levied on the shares at the rate of 0.5% applied on its total net assets up to EUR 500 m and 0.05% on total net assets above EUR 500 m as determined for net wealth tax purposes.

The net wealth tax charge for a given year can be reduced if a specific reserve, equal to five times the net wealth tax to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The maximum net wealth tax to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

A minimum net wealth tax applies as of 1 January 2016 to all companies having their statutory seat or central administration in the Grand Duchy of Luxembourg with aggregated fixed financial assets, transferable securities, inter-company receivables, and cash in excess of both 90% of their total balance sheet and EUR 350,000 will be subject to a minimum net wealth tax charge of EUR 4,815. When the total balance sheet does not exceed EUR 350,000 the minimum net wealth tax is EUR 535.

All other companies with a statutory seat or central administration in the Grand Duchy of Luxembourg (including securitisation vehicles, Société d'Investissement en Capital à Risque ("SICARs"), Société d'Epargne-Pension à Capital Variable ("SEPCAVs"), and Association d'Epargne-Pension ("ASSEPs")) are subject to a minimum net wealth tax ranging from EUR 535 to EUR 32,100, depending on entity's total balance sheet.

16.1.4. Other Taxes

No registration tax is payable by a holder of shares upon the disposal of shares by sale or exchange.

Where an individual shareholder is a resident of the Grand Duchy of Luxembourg for inheritance tax purposes at the time of death, the shares are included in the taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares if the gift is recorded in a notarial deed or otherwise registered in the Grand Duchy of Luxembourg.

16.2. TAXATION OF BONDS OF A NON-RESIDENT COMPANY

16.2.1. Withholding Tax

16.2.1.1. Bond holders resident in the Grand Duchy of Luxembourg

Interest income or similar income paid by a resident paying agent to individuals resident in the Grand Duchy of Luxembourg are subject as of 1 January 2017 to a withholding tax of 20%. For individuals acting within the framework of managing their private assets, the payment of the withholding tax is deemed to be the final income tax, if they opt so for.

This also applies if such interest is paid by a paying agent established in another EU Member State, or if the paying agent is established in a Member State of the European Economic Area or in a country or territory with which the Grand Duchy of Luxembourg has concluded a special agreement. In such case, the 20% levy is calculated on the same amounts as for the payments made by a resident paying agent. The option for the 20% levy must cover all interest payments made by the paying agent to a resident individual during the entire civil year.

16.2.1.2. Bond holders not resident in the Grand Duchy of Luxembourg

Interests (including accrued interest) that a resident paying agent pays to a non-resident bond holder are not subject to withholding tax. This is also true in case of a repayment of the nominal amount and in case of a re-purchase or exchange of the bonds.

16.2.2. INCOME TAX

*16.2.2.1. **Bond** holders **resident in the Grand Duchy of Luxembourg acting in the context of their private wealth management***

If a paying agent in the Grand Duchy of Luxembourg did not withhold a final 20% withholding tax on interest payments, buy-back profits or emission discounts in connection with the bonds, or if the bond holders did not opt for such option on the payments received from a non-resident paying agent, the individuals resident in the Grand

Duchy of Luxembourg have to include the interest, buy-back profits or emission discounts received in connection with debt securities in the context of their private wealth management in their taxable income. The income is then taxable at progressive rates.

Capital gains from the redemption, repurchase, sale or exchange of the corporate bonds are income tax free for bond holders resident in the Grand Duchy of Luxembourg and holding the bonds in their private assets. As an exception, the so-called speculative gains are subject to income tax at the ordinary income tax rates. Speculative gains arise from the sale of the bonds even before the purchase or within a period of six months after the purchase is made. In addition resident bond holders, acting in the frame of their private wealth management, have to include in their income the percentage of profit on accrued interest, if this is shown in the contract. The same applies to the zero-coupon bonds.

16.2.2.2. Bond holders resident in the Grand Duchy of Luxembourg acting in the exercise of a professional activity

If individuals resident in the Grand Duchy of Luxembourg derive income from the sale or redemption of the corporate bond in the exercise of a commercial or professional activity, they have to include it in their taxable income. The income from the sale or redemption of the corporate bond is calculated according to the difference between the proceeds of the sale, including the accrued but not yet paid interest, and the lower of the purchase price or the book value of the bonds.

The same applies to corporations which are resident for tax purposes and fully taxable in the Grand Duchy of Luxembourg.

16.2.2.3. Bond holders resident in the Grand Duchy of Luxembourg which are subject to a separate tax regime

Companies created for the management of family assets in accordance with the amended Law of 11 May 2007, Funds created within the meaning of the amended Law of 17 December 2010, Reserved Alternative Investment Funds within the meaning of the Law of 23 July 2016 and the Specialized Funds within the meaning of the amended Law of 13 February 2007 are exempt from income tax in the Grand Duchy of Luxembourg. Income and capital gains from the sale or redemption of corporate bonds are therefore not subject to corporation tax and trade tax.

16.2.2.4. Bond holders not resident in the Grand Duchy of Luxembourg

Non-resident bond holders with a branch or a permanent establishment in the Grand Duchy of Luxembourg to which the bonds are attributable, have to include the profit made from the bonds in their taxable profit in the Grand Duchy of Luxembourg. The taxable profit is the difference between the proceeds of the sale, including the accrued but not yet paid interest, and the lower of the purchase price or book value of the bonds.

Non-resident bond holders without a branch or a permanent establishment in the Grand Duchy of Luxembourg to which the bonds are attributable, are not subject to the Luxembourg Income Tax.

Fund within the meaning of the amended Law of 17 December 2010, 13 February 2007 and 23 July 2016 are subject in the Grand Duchy of Luxembourg to an annual taxe d'abonnement of 0.01 % to 0.05 %, based quarterly on the last available net asset value.

16.2.3. NET WEALTH TAX AND MINIMUM NET WEALTH TAX

Bond holders which are resident in the Grand Duchy of Luxembourg or non-resident bond holders or non-resident bond holders with a branch or a permanent establishment in the Grand Duchy of Luxembourg to which the bonds are attributable may be subject to subject to the net wealth tax.

This does not apply to bond holders which are (i) an individual (natural person), (ii) a Fund in accordance with the Law of 17 December 2010, (iii) a Securitisation Company under the amended Law of 22 March 2004 on securitisation, (iv), a company within the meaning of the amended Law of 15 June 2004 on Venture Capital Investment Companies, (v) a Special Fund in accordance with the amended Law of 13 February 2007, (vi) a Reserved Alternative Investment Fund in accordance with the Law of 23 July 2016 (the same tax treatment as

the Special Fund) or (vii) a Company for the Management of Family Assets in accordance with the amended Law of 11 May 2007.

Securitisation companies under the Law of 22 March 2004 and companies within the meaning of the amended Law of 15 June 2004 on Venture Capital Investment Companies are however since 1 January 2016 subject to a minimum wealth tax. The minimum capital tax is based on the balance-sheet total of the companies and ranges from EUR 535 (total assets < EUR 350,000) to EUR 32.100 (balance sheet total > EUR 30 m). Securitisation companies and Venture capital investment companies (i) with assets consisting in more than 90% of financial assets, securities or cash, and (ii) a balance sheet total exceeding EUR 350,000 pay a uniform minimum property tax of EUR 4.815.

The net wealth tax for private individuals is abolished.

16.2.4. OTHER TAXES

In the Grand Duchy of Luxembourg there is no registration tax, registration fee stamp duty or any other similar tax or charge on the owners or beneficiaries of bonds resulting from the bond issue or a subsequent sale, exchange, conversion or re-purchase of bonds due, unless these transactions are authenticated by a notary or otherwise registered in the Grand Duchy of Luxembourg.

16.2.4.1. Inheritance and Gift Tax

Where an individual bond is not a resident of the Grand Duchy of Luxembourg for inheritance tax purposes at the time of death, the transfer of the bonds is exempt for inheritance tax purposes.

Gift tax may be due on a gift or donation of the bonds if the gift is recorded in a notarial deed or otherwise registered in the Grand Duchy of Luxembourg.

16.2.4.2. Value Added Tax

There is no Value Added Tax due in the Grand Duchy of Luxembourg with respect to payments as consideration for the issue of shares or bonds or in relation to the payment of interest or capital or their transfer. Value Added tax may apply in relation to fees for certain services paid by the issuer if for Luxembourg VAT purposes such services were rendered in Luxembourg and a VAT exemption in respect of such services is not given.

17. TERMS AND CONDITIONS OF THE NEW NOTES

Die deutsche Version der Anleihebedingungen ist allein rechtsverbindlich.

The German version of the Terms and Conditions is the only legally binding version.

ANLEIHEBEDINGUNGEN

§ 1
Allgemeine Bestimmungen

1.1. Nennbetrag und Stückelung. Die von der Heidelberg Pharma AG, einer Aktiengesellschaft nach deutschem Recht, mit Sitz in Ladenburg, Deutschland, (die "**Anleiheschuldnerin**"), am 22. November 2017 (der "**Ausgabetag**") begebene Wandelschuldverschreibung im Gesamtnennbetrag von bis zu

EUR 14.968.380,00

(in Worten: Euro vierzehn Millionen neunhunderachtundsechzigtausend dreihundertachtzig) ist eingeteilt in bis zu 14.968.380 untereinander gleichberechtigte auf den Inhaber lautende Teilschuldverschreibungen (die "**Schuldverschreibungen**") im Nennbetrag von jeweils EUR 1,00 (der "**Nennbetrag**").

1.2. Globalverbriefung und Verwahrung. Die Schuldverschreibungen sind während ihrer gesamten Laufzeit durch eine auf den Inhaber lautende Dauerglobalurkunde (die "**Globalurkunde**") ohne Zinsscheine verbrieft. Die Globalurkunde wird bei der Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**") eingeliefert und von dieser und in deren Namen verwahrt, bis sämtliche Verpflichtungen der Anleiheschuldnerin aus den Schuldverschreibungen erfüllt sind. Die Globalurkunde trägt die eigenhändige Unterschrift der für die Anleiheschuldnerin vertretungsberechtigten Personen. Effektive Schuldverschreibungen und Zinsscheine werden nicht ausgegeben. Clearstream Frankfurt ist nicht befugt die Globalurkunde auszuliefern, außer an ein anderes Clearing System und zu

TERMS AND CONDITIONS OF THE NOTES

Sec. 1
General Provisions

1.1. Principal Amount and Denomination. The convertible bond issued on 22 November 2017 (the "**Issue Day**") by Heidelberg Pharma AG, a stock company incorporated under the laws of Germany (the "**Issuer**"), having its registered office in Ladenburg, Germany, in the aggregate principal amount of up to

EUR 14,968,380.00

(in words: Euro fourteen million nine hundred sixty-eight thousand three hundred eighty) is divided into up to 14,968,380 notes in bearer form (the "**Notes**") in a principal amount of EUR 1.00 (the "**Principal Amount**") each, ranking *pari passu* among themselves.

1.2. Global Certificate and Custody. The Notes are represented by a permanent global certificate (the "**Global Certificate**") in bearer form without interest coupons during their entire duration. The Global Certificate will be deposited with Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**") and will be kept in custody by and on behalf of Clearstream Frankfurt until all obligations of the Issuer under the Notes have been satisfied. The Global Certificate is manually signed by the authorised representative(s) of the Issuer. Definitive certificates representing individual Notes and interest coupons shall not be issued. Clearstream Frankfurt cannot transfer the Global Certificate except to a successor clearing organisation subject to the same terms.

den gleichen Verwahrbedingungen.

1.3. Lieferung von Schuldverschreibungen. Den Inhabern von Schuldverschreibungen (die "**Anleihegläubiger**") stehen Miteigentumsanteile an der Globalurkunde zu, die gemäß den Regeln der Clearstream Frankfurt und außerhalb der Bundesrepublik Deutschland gemäß den Regeln der Clearstream Banking S.A., Luxemburg, ("**Clearstream Luxemburg**") und der Euroclear Bank S.A./N.V., Brüssel, als Betreiberin des Euroclear Systems ("**Euroclear**") übertragbar sind. Mit dem Erwerb des Eigentums an einer Schuldverschreibung stimmt der Anleihegläubiger zu, das Eigentum daran nur im Rahmen von Clearstream Frankfurt, Clearstream Luxemburg oder Euroclear zu übertragen bzw. abzutreten.

1.3. Delivery of Notes. The holders of the Notes (the "**Noteholders**") are entitled to joint ownership shares in the Global Certificate, which shall be transferable pursuant to the rules of Clearstream Frankfurt and, outside the Federal Republic of Germany, of Clearstream Banking S.A., Luxembourg ("**Clearstream Luxembourg**"), and Euroclear Bank S.A/N.V., Brussels, as operator of the Euroclear system ("**Euroclear**"). By purchase of a beneficial interest in a Note, a Noteholder agrees that it can only transfer or assign a beneficial interest in the Note through Clearstream Frankfurt, Clearstream Luxembourg or Euroclear.

§ 2
Verzinsung

Sec. 2
Interest

2.1. Zinssatz. Auf die Schuldverschreibungen werden keine Zinszahlungen geleistet (zero coupon).

2.1. Interest Rate. The Notes will bear no interest (zero coupon).

2.2. Verzugszinsen. Sofern die Anleiheschuldnerin die Schuldverschreibungen nicht bei Fälligkeit zurückzahlt, wird der Nennbetrag vom Tag der Fälligkeit der Schuldverschreibungen bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) mit einem jährlichen Zinssatz von 10 % verzinst. Die Geltendmachung eines weiteren Schadens ist nicht ausgeschlossen.

2.2. Late Payment of Principal. Should the Issuer fail to redeem the Notes when due, interest shall accrue on the Principal Amount as from the date on which the Notes became due for redemption at a rate of 10 % per annum until (but not including) the date of actual redemption of the Notes. Claims for further damages are not excluded.

2.3. Zinstagequotient. Sind Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen, so werden sie auf der Grundlage der tatsächlich verstrichenen Tage, geteilt durch 365 (bei nicht in ein Schaltjahr fallenden Tagen) bzw. 366 (bei in ein Schaltjahr fallenden Tagen), berechnet.

2.3. Day Count Fraction. If interest is to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed, divided by 365 (those days not falling into a leap year) or 366 (those days falling into a leap year), as the case may be.

§ 3
Laufzeit; Rückerwerb

Sec. 3
Term; Repurchase

3.1. Laufzeit. Die Schuldverschreibungen werden am 22. November 2019 (dem "**Endfälligkeitstag**") zu ihrem Nennbetrag zurückgezahlt, sofern sie nicht vorzeitig zurückgezahlt oder gewandelt oder zurückgekauft und entwertet worden sind oder die Anleiheschuldnerin ihr

3.1. Term. The Notes shall be redeemed at their Principal Amount on 22 November 2019 (the "**Maturity Date**"), unless they have previously been redeemed or converted or repurchased and cancelled or unless the Issuer exercises its Mandatory Conversion Right pursuant to Sec. 8.1 and commits the Noteholders to Mandatory

Pflichtwandlungsrecht nach Ziffer 8.1 ausübt und die Anleihegläubiger zur Pflichtwandlung verpflichtet.

Conversion.

3.2. Rückerwerb. Die Anleiheschuldnerin und/oder mit ihr verbundene Unternehmen sind berechtigt, jederzeit Schuldverschreibungen im Markt oder auf andere Weise gemäß den anwendbaren Gesetzen zu erwerben. Schuldverschreibungen, die von mit der Anleiheschuldnerin verbundenen Unternehmen erworben wurden, können entwertet oder gehalten und wiederveräußert werden. Jegliche Entwertung durch die Anleiheschuldnerin oder durch ein mit ihr verbundenes Unternehmen ist gemäß § 16 bekannt zu machen.

3.2. Repurchase. The Issuer and/or any of its affiliates shall be entitled at any time to acquire Notes in the market or otherwise in accordance with applicable law. Any Notes acquired by any of the affiliates of the Issuer may be cancelled or held or resold. Any Notes acquired by the Issuer will be cancelled. Any cancellation of Notes by the Issuer or any of its affiliates will be published in accordance with Sec. 16.

§ 4
Währung; Zahlungen

Sec. 4
Currency; Payments

4.1. Währung. Sämtliche Zahlungen auf die Schuldverschreibungen werden in Euro geleistet.

4.1. Currency. All payments on the Notes shall be made in Euro.

4.2. Zahlungen. Zahlungen des Kapitals, der Verzugszinsen und aller sonstigen auf die Schuldverschreibungen zahlbaren Barbeträge werden am jeweiligen Zahltag (wie in Ziffer 4.4 definiert) an die Zahlstelle zur Weiterleitung an das Clearing System oder dessen Order in Euro zwecks Gutschrift auf den Konten der jeweiligen Kontoinhaber bei dem Clearing System geleistet. Zahlungen der Anleiheschuldnerin an das Clearing System oder an dessen Order befreien die Anleiheschuldnerin in Höhe der geleisteten Zahlungen von ihren Verbindlichkeiten aus den Schuldverschreibungen.

4.2. Payments. Payments of principal, delay interest and all other cash payments payable in respect of the Notes shall be made on the relevant Payment Date (as defined in Sec. 4.4) to the Paying Agent for on-payment to the Clearing System or to its order in Euro for credit to the accounts of the respective accountholders with the Clearing System. All payments made by the Issuer to the Clearing System or to its order shall discharge the liability of the Issuer under the Notes to the extent of the sums so paid.

4.3. Geschäftstage. Ist ein Tag, an dem Zahlungen auf die Schuldverschreibungen fällig sind, kein Geschäftstag, so wird die betreffende Zahlung erst am nächsten unmittelbar darauf folgenden Geschäftstag geleistet, ohne dass wegen dieser Zahlungsverschiebung Zinsen zu zahlen sind. Ein "**Geschäftstag**" ist jeder Tag, an dem Geschäftsbanken in Frankfurt am Main für den Geschäftsverkehr geöffnet sind und Zahlungen auf die Schuldverschreibungen über das Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET 2) abgewickelt werden können.

4.3. Business Days. If any due date for payments on the Notes is not a Business Day, such payment will not be made until the immediately following Business Day whithout interest having to be paid on account of this delay in payment. A "**Business Day**" shall be any day on which banking institutions are open for business in Frankfurt am Main and payments with respect to the Notes may be settled via the Trans-European Automated Real-time Grass settlement Express Transfer system 2 (TARGET 2).

4.4. Zahltag/Fälligkeitstag. Im Rahmen dieser Anleihebedingungen bedeutet "**Zahltag**" der

4.4. Payment Date/Due Date. For the purposes of these Terms and Conditions, "**Payment Date**"

Tag, an dem die Zahlung tatsächlich erfolgen muss, gegebenenfalls nach Anpassung gemäß Ziffer 4.3, und "**Fälligkeitstag**" meint den hierin vorgesehenen Zahltag ohne Berücksichtigung einer solchen Anpassung.

means the day on which the payment actually must be made, if necessary after adjustment in accordance with Sec 4.3, and "**Due Date**" means the payment date provided for herein, without consideration of such adjustment.

4.5. Hinterlegung bei Gericht. Die Anleiheschuldnerin kann alle auf die Schuldverschreibungen zahlbaren Beträge, auf die Anleihegläubiger keinen Anspruch erhoben haben, bei dem Amtsgericht Heidelberg hinterlegen. Soweit die Anleiheschuldnerin auf das Recht zur Rücknahme der hinterlegten Beträge verzichtet, erlöschen die betreffenden Ansprüche der Anleihegläubiger gegen die Anleiheschuldnerin.

4.5. Depositing in Court. The Issuer may deposit with the local court Heidelberg any amounts payable on the Notes not claimed by Noteholders. To the extent that the Issuer waives its right to withdraw such deposited amounts, the relevant claims of the Noteholders against the Issuer shall cease.

§ 5
Steuern

Alle Zahlungen der Anleiheschuldnerin auf die Schuldverschreibungen werden ohne Abzug oder Einbehalt gegenwärtiger oder zukünftiger Steuern, Abgaben oder amtlicher Gebühren gleich welcher Art gezahlt, die von oder in Deutschland oder für dessen Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde durch Abzug oder Einbehalt an der Quelle auferlegt, erhoben oder eingezogen werden, es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. Die Anleiheschuldnerin ist im Hinblick auf einen solchen gesetzlich vorgeschriebenen Abzug oder Einbehalt nicht zu einer zusätzlichen Zahlung an die Anleihegläubiger verpflichtet. Dies schließt insbesondere, aber nicht ausschließlich jegliche Form zusätzlicher Zahlungen für deutsche Kapitalertragsteuer aus. Gleichwohl ist die Anleiheschuldnerin verpflichtet, den Anleihegläubigern auf begründetes Verlangen hin zur Steuerrückerstattung notwendige Bestätigungen auszustellen oder dem Anleihegläubiger bei der Erlangung solcher Bestätigungen die notwendige Unterstützung zukommen zu lassen.

Sec. 5
Taxes

All amounts payable by the Issuer on the Notes will be made without deduction or withholding of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by way of deduction or withholding at source by, in or on behalf of the Federal Republic of Germany or by or on behalf of any political subdivision or authority thereof or therein having power to tax, unless such deduction or withholding is required by law. The Issuer shall not be required to make any additional payments to the Noteholders in respect of such deduction or withholding required by law. For the avoidance of doubt, this rules out any gross up for German withholding tax. Notwithstanding the foregoing, the Issuer, upon reasonable request of the Noteholder, is obliged to provide certificates for the reclaiming of tax credits in the Noteholders' jurisdiction or to assist such Noteholder to the extent necessary in order to receive such certificates.

§ 6
Wandlungsrecht

6.1. Wandlungsrecht. Die Anleiheschuldnerin gewährt jedem Anleihegläubiger das Recht (das "**Wandlungsrecht**"), gemäß den Bestimmungen dieses § 6 an jedem Geschäftstag während der Ausübungszeiträume (wie in Ziffer 6.2 definiert) jede Schuldverschreibung ganz, nicht jedoch teilweise, zum Wandlungsverhältnis in auf den Inhaber lautende Stammaktien

Sec. 6
Conversion Right

6.1. Conversion Right. The Issuer grants each Noteholder the right (the "**Conversion Right**") to convert in accordance with this Sec. 6 on any Business Day during the Conversion Periods (as defined in Sec. 6.2) each Note in whole, but not in part, in the conversion ratio into ordinary bearer shares (no-par value shares) of the Issuer with a notional interest of the share capital as of

(Stückaktien) der Anleiheschuldnerin mit einem zum Emissionstag auf eine Aktie entfallenden anteiligen Betrag des Grundkapitals der Anleiheschuldnerin von EUR 1,00 (die "**Aktien**") zu wandeln. Der Wandlungspreis je Aktie (der "**Wandlungspreis**") wird voraussichtlich am 16. November 2017 auf der Basis des Höheren der beiden nachfolgenden Beträge abzüglich eines möglichen vom Vorstand der Heidelberg Pharma AG mit Zustimmung des Aufsichtsrats festzulegenden Abschlags von bis zu 20% ermittelt werden: (i) der ungewichtete Durchschnitt der Schlusspreise der bestehenden Aktien der Gesellschaft vom Beginn der Bezugsfrist am 7. November 2017 (einschließlich) bis zum Handelsschluss am 16. November 2017 oder (ii) der Schlusspreis der bestehenden Aktien der Gesellschaft am 16. November 2017. "**Schlusspreis**" ist, im Hinblick auf jeden einzelnen Börsenhandelstag, der im XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse in der Schlussauktion ermittelte Schlusskurs oder, wenn ein solcher Schlusskurs an dem betreffenden Handelstag nicht ermittelt wird, der letzte im fortlaufenden XETRA-Handel (oder einem vergleichbaren Nachfolgesystem) der Frankfurter Wertpapierbörse ermittelte Preis der Aktie der Gesellschaft. Das Wandlungsverhältnis (das "**Wandlungsverhältnis**") errechnet sich durch Division des Nennbetrags einer Schuldverschreibung durch den am Ausübungstag geltenden Wandlungspreis. Die Lieferung der Aktien erfolgt gemäß § 10.

6.2. **Ausübungszeitraum.** Vorbehaltlich Ziffer 6.3 und 6.4 kann das Wandlungsrecht durch einen Anleihegläubiger ab dem 50. Tag nach dem Ausgabetag bis zum Endfälligkeitstag (beide Tage jeweils eingeschlossen) (der "**Ausübungszeitraum**") ausgeübt werden. Ist der letzte Tag des Ausübungszeitraums kein Handelstag an der Frankfurter Wertpapierbörse oder deren Rechtsnachfolgerin (ein "**Handelstag**"), so endet der Ausübungszeitraum an dem Handelstag, der diesem Tag unmittelbar vorausgeht. Fällt der letzte Tag des Ausübungszeitraums in einen Nichtausübungszeitraum (wie in Ziffer 6.4 definiert), so endet der Ausübungszeitraum am letzten Handelstag vor dem Beginn des

the Issue Date of EUR 1.00 per share (the "**Shares**"). The conversion price per share (the "**Conversion Price**") is expected to be determined on 16 November 2017 on the basis of the higher of the both following amounts less a possible discount to be determined by the Executive Management Board of Heidelberg Pharma AG with the approval of the Company's Supervisory Board of up to 20%: (i) the non-weighted closing price of the existing shares of the Company from the beginning of the subscription period on 7 November 2017 (including), until close of trading on 16 November 2017 or (ii) the closing price of the existing shares of the Company on 16 November 2017. "**Closing Price**" is, with regard to each trading day, the closing rate determined in the final auction in the XETRA trading system (or a comparable successor system) of the Frankfurt stock exchange or, if such closing rate is not determined on the trading day concerned, the last price of the Company's share determined in continuous trading in the XETRA trading system (or a comparable successor system) of the Frankfurt stock exchange. The conversion ratio (the "**Conversion Ratio**") shall be calculated by dividing the Principal Amount of a Note by the Conversion Price applicable on the Conversion Date. Delivery of Shares shall be made in accordance with Sec. 10.

6.2. **Conversion Period**. Subject to Sec. 6.3 and 6.4 the Conversion Right may be exercised by a Noteholder during the period commencing on the 50th day after the Issue Day and ending on the Maturity Date (both dates inclusive) (the "**Conversion Period**"). If the last day of the Conversion Period falls on a day that is not a trading day at Frankfurt stock exchange or its legal successor (a "**Trading Day**"), the Conversion Period shall terminate on the Trading Day immediately preceding such day. If the last day of the Conversion Period falls in an Excluded Period (as defined in Sec. 6.4), the Conversion Period shall terminate on the last Trading Day prior to the commencement of such Excluded Period.

betreffenden Nichtausübungszeitraums.

6.3. Keine Wandlung vorzeitig fälliger Schuldverschreibungen. Soweit Schuldverschreibungen gemäß § 14 durch Anleihegläubiger gekündigt wurden, darf das Wandlungsrecht im Hinblick auf die gekündigten Schuldverschreibungen nicht mehr ausgeübt werden.

6.4. Nichtausübungszeitraum. Die Ausübung des Wandlungsrechts ist während der nachfolgend beschriebenen Zeiträume ausgeschlossen (jeweils ein "**Nichtausübungszeitraum**"):

(a) Vom sechsten Tag vor der Hauptversammlung der Anleiheschuldnerin (§ 123 Abs. 2 Satz 2 AktG) bis zum dritten Werktag nach der Hauptversammlung (jeweils einschließlich);

(b) der Zeitraum vom 24. Dezember bis 31. Dezember (beide Tage jeweils eingeschlossen) eines jeden Geschäftsjahres der Anleiheschuldnerin;

(c) ein Zeitraum beginnend mit dem Tag, an dem die Anleiheschuldnerin ein Bezugsangebot an ihre Aktionäre zum Bezug von Aktien, Optionsrechten auf eigene Aktien oder Schuldverschreibungen mit Options- oder Wandlungsrechten oder -pflichten, Gewinnschuldverschreibungen oder Genussrechten oder ein ähnliches Angebot (einschließlich, aber nicht beschränkt auf, Angebote im Hinblick auf Abspaltungen (§ 123 Abs. 2 UmwG)) im Bundesanzeiger veröffentlicht, bis zum letzten Tag der für die Ausübung des Bezugsrechts bestimmten Frist (beide Tage jeweils eingeschlossen), vorausgesetzt, die Frist für das Bezugsangebot beläuft sich auf die gesetzliche Mindestfrist.

§ 7
Ausübung des Wandlungsrechts

7.1. Ausübungserklärung. Zur Ausübung des Wandlungsrechts muss der Anleihegläubiger während des Ausübungszeitraums auf eigene Kosten während der üblichen Geschäftszeiten an einem Geschäftstag bei der Wandlungsstelle (wie in Ziffer 15.2 definiert) eine

6.3. No Conversion of Notes Declared Due for Early Redemption. If Notes have been declared due for early redemption by Noteholders as a result of termination pursuant to Sec. 14, the Conversion Right with respect to the Notes so declared due may no longer be exercised.

6.4. Excluded Period. The exercise of the Conversion Right shall be excluded during any of the following periods (each an "**Excluded Period**"):

(a) commencing on the 6th calendar day before the shareholders' meeting of the Issuer (§ 123 (2) sentence 2 of the German Stock Corporation Law – AktG) and ending on the third Business Day after the shareholders' meeting (both dates inclusive)

(b) the period commencing on December 24 and ending on December 31 (both dates inclusive) of each financial year of the Issuer;

(c) a period commencing on the date on which an offer by the Issuer to its shareholders by way of a rights offering to subscribe to shares, warrants on own shares or bonds/notes with option or conversion rights or obligations, profit-linked bonds/notes or profit participation rights or any similar offer (including, but not limited to offers regarding spin-offs (§ 123 (2) of the German Transformation Act - UmwG) is published in the German Federal Gazette, and ending on the last day of the subscription period (both dates inclusive), provided that the subscription period set forth is the minimum statutory subscription period.

Sec. 7
Exercise of Conversion Right

7.1. Conversion Notice. To exercise the Conversion Right, the Noteholder must deliver to the Conversion Agent (as defined in Sec. 15.2) at their own expense during normal business hours on a Business Day during the Conversion Period a duly completed and signed notice (the

ordnungsgemäß ausgefüllte und unterzeichnete Erklärung (die "**Ausübungserklärung**") unter Verwendung eines dann gültigen Vordrucks, der bei der Wandlungsstelle erhältlich ist, einreichen. Ausübungserklärungen sind unwiderruflich. Die Ausübungserklärung darf der Wandlungsstelle nicht später als am letzten Tag des Ausübungszeitraums gemäß Ziffer 6.2 während der üblichen Geschäftszeiten zugehen. Die Ausübungserklärung hat unter anderem die folgenden Angaben zu enthalten:

"**Conversion Notice**") using a currently valid pre-printed form, available from the Conversion Agent. Conversion Notices shall be irrevocable. The Conversion Notice must be delivered no later than on the last day of the Conversion Period pursuant to Sec. 6.2 during normal business hours. The Conversion Notice shall, among other things:

(a) Name und Anschrift der ausübenden Person;

(a) state the name and address of the exercising person;

(b) die Zahl der Schuldverschreibungen, für die das Wandlungsrecht ausgeübt werden soll ("**Gewandelte Schuldverschreibungen**");

(b) specify the number of Notes for which the Conversion Right shall be exercised ("**Converted Notes**");

(c) das Wertpapierdepot des Anleihegläubigers oder seiner Depotbank mit Sitz in Deutschland bei einem Euroclear- oder Clearstream-Teilnehmer oder einem Kontoinhaber bei Clearstream Frankfurt, auf das die Aktien geliefert werden sollen;

(c) designate the securities deposit account of the Noteholder or their depositary bank with its registered office in the Federal Republic of Germany at a Euroclear or Clearstream participant or at a Clearstream Frankfurt accountholder to which the Shares are to be delivered;

(d) ein auf Euro lautendes Konto des Anleihegläubigers oder seiner Depotbank mit Sitz in Deutschland bei einem Euroclear- oder Clearstream-Teilnehmer oder einem Kontoinhaber bei Clearstream Frankfurt, auf welches etwaige Zahlungen gemäß Ziffer 10.2 geleistet werden sollen;

(d) designate a Euro-denominated account of the Noteholder or their depositary bank with its registered office in the Federal Republic of Germany at a Euroclear or Clearstream participant or at a Clearstream Frankfurt accountholder to which any payments pursuant to Sec. 10.2, if any, are to be made;

(e) etwaige in dem zu diesem Zeitpunkt gültigen Vordruck der Ausübungserklärung geforderte Bestätigungen sowie die ordnungsgemäße Ermächtigung der Wandlungsstelle zur Abgabe der in Ziffer 7.2 genannten Bezugserklärung.

(e) contain the certifications set out in the then valid form of the Conversion Notice as well as the granting of due authority to the Conversion Agent to deliver the subscription certificate as referred to in Sec. 7.2.

7.2. Weitere Voraussetzungen für die Ausübung des Wandlungsrechts. Die Ausübung des Wandlungsrechts setzt außerdem voraus, dass die Schuldverschreibungen, für die das Wandlungsrecht ausgeübt werden soll, nicht später als am letzten Tag des Ausübungszeitraums an die Wandlungsstelle geliefert werden, und zwar durch Lieferung (Umbuchung) der Schuldverschreibungen auf das Konto der Wandlungsstelle bei Clearstream

7.2. Further Requirements for Exercise of Conversion Right. The exercise of the Conversion Right shall further require that the Notes to be converted be delivered to the Conversion Agent by transferring (book-entry transfer) the Notes to the Clearstream Frankfurt account of the Conversion Agent not later than on the last day of the Conversion Period. The Conversion Agent shall be authorised to deliver the subscription certificate pursuant to § 198 (1)

Frankfurt. Die Wandlungsstelle ist ermächtigt, die Bezugserklärung gemäß § 198 Abs. 1 AktG für den Anleihegläubiger abzugeben. Die Wandlungsstelle ist von den Beschränkungen des § 181 BGB befreit.

of the German Stock Corporation Act - AktG on behalf of the Noteholder. The Conversion Agent is exempt from the restrictions of § 181 of the German Civil Code – BGB.

7.3. Prüfung der Ausübungserklärung. Nach Erfüllung sämtlicher in Ziffer 7.1 und 7.2 genannten Voraussetzungen für die Ausübung des Wandlungsrechts prüft die Wandlungsstelle, ob die Zahl der an die Wandlungsstelle gelieferten Schuldverschreibungen der in der Ausübungserklärung angegebenen Zahl von Schuldverschreibungen entspricht. Soweit die in der Ausübungserklärung angegebene Zahl von Schuldverschreibungen die Zahl der tatsächlich gelieferten Schuldverschreibungen über- oder unterschreitet, wird die Wandlungsstelle, je nachdem, welche Zahl niedriger ist, entweder (i) diejenige Gesamtzahl von Aktien, die der in der Ausübungserklärung angegebenen Zahl von Schuldverschreibungen entspricht, liefern oder (ii) die Ausübung des Wandlungsrechts verweigern. Verbleibende Schuldverschreibungen werden an den Anleihegläubiger auf dessen eigene Kosten zurückgeliefert.

7.3. Review of Conversion Notice. Upon fulfilment of all requirements specified in Sec. 7.1 and 7.2 for the exercise of the Conversion Right, the Conversion Agent will verify whether the number of Notes delivered to the Conversion Agent is identical to the number of Notes specified in the Conversion Notice. In the event of any excess or shortfall, the Conversion Agent shall subscribe from the Issuer and (i) deliver to the Noteholder the lower of such total number of Shares which corresponds to the number of Notes set forth in the Conversion Notice, or (ii) refuse the exercise of the Conversion Notice. Any remaining Notes will be redelivered to the Noteholder at their own expense.

7.4. Ausübungstag. Das Wandlungsrecht ist an dem Geschäftstag wirksam ausgeübt, an dem sämtliche in Ziffer 7.1 und 7.2 genannten Voraussetzungen für die Ausübung des Wandlungsrechts erfüllt sind und die Wandlungsstelle dem Anleihegläubiger die wirksame Ausübung des Wandlungsrechts bestätigt hat (der "**Ausübungstag**"). Für den Fall, dass diese Voraussetzungen an einem Tag erfüllt sind, der in einen Nichtausübungszeitraum fällt, ist der Ausübungstag der erste Geschäftstag nach dem Ende dieses Nichtausübungszeitraums, soweit auch dieser Tag noch in den Ausübungszeitraum fällt; anderenfalls ist das Wandlungsrecht nicht wirksam ausgeübt.

7.4. Exercise Date. The Conversion Right shall have been validly exercised on the Business Day on which all of the conditions precedent specified in Sec. 7.1 and 7.2 for the exercise of the Conversion Right have been fulfilled and the Conversion Agent has confirmed the valid exercise of the Conversion Right to the Noteholder (the "**Exercise Date**"). In the event that such conditions precedent are fulfilled on a day which falls within an Excluded Period, then the Exercise Date shall be the first Business Day after the end of such Excluded Period provided that such day still falls within the Conversion Period; otherwise, the Conversion Right shall not have been validly exercised.

7.5. Befreiende Wirkung. Die Ausgabe und Lieferung der Aktien durch die Anleiheschuldnerin infolge der Ausübung des Wandlungsrechts gemäß § 7 erfolgt an Stelle der Rückzahlung des Kapitals der Schuldverschreibung mit befreiender Wirkung für die Anleiheschuldnerin von der entsprechenden Verpflichtung, den Nennbetrag der Schuldverschreibung in bar zurückzuzahlen.

7.5. Discharge of the Issuer. The issuance and delivery of Shares by the Issuer upon exercise of the Conversion Right pursuant to Sec. 7 is made in lieu of any payment of principal of the Notes and shall constitute a discharge of the Issuer from its corresponding obligation to redeem the Principal Amount of the Notes in cash. Accordingly, as of the Exercise Date a Noteholder shall not have any rights regarding

Demgemäß hat ein Anleihegläubiger mit Wirkung zum Ausübungstag keine weiteren Rechte bezüglich der Rückzahlung des Kapitals der Schuldverschreibung mit Ausnahme des Anspruchs auf Ausgabe und Lieferung von Aktien gemäß § 10 und eines etwaigen Anspruchs auf einen Ausgleich in Geld für Bruchteile von Aktien.

the repayment of cash in relation to the Notes other than the right to have Shares issued and delivered pursuant to Sec. 10 and the right for payment, if any, for fractions of Shares and the payment of outstanding interest obligations.

§ 8
Pflichtwandlung bei Endfälligkeit

Sec. 8
Mandatory Conversion upon Maturity

8.1. Pflichtwandlungsrecht. Die Anleiheschuldnerin kann die Wandlung der Schuldverschreibung in Aktien der Anleiheschuldnerin verlangen (die "**Pflichtwandlung**" und das Recht, die Pflichtwandlung zu verlangen das "**Pflichtwandlungsrecht**"), soweit die Schuldverschreibungen am Endfälligkeitstag weder vorzeitig zurückgezahlt oder gewandelt noch zurückgekauft und entwertet worden sind. Die Pflichtwandlung erfolgt zum Wandlungspreis nach Ziffer 6.1 und jede Schuldverschreibung wird in die Anzahl Aktien gewandelt, die sich durch Division des Nennbetrags der zu wandelnden Schuldverschreibungen durch den dann anwendbaren Wandlungspreis errechnet.

8.1. Mandatory Conversion Right. Provided that the Notes have neither been redeemed nor converted or repurchased and cancelled on the Maturity Date, the Issuer is entitled to require a mandatory conversion of the Notes (the "**Mandatory Conversion**" and the right to require Mandatory Conversion the "**Mandatory Conversion Right**"). The Mandatory Conversion shall be conducted at the Conversion Price pursuant to Sec. 6.1 and each Note shall be converted in such number of Shares that results by dividing the Principal Amount of the Notes to be converted by the then applicable Conversion Price.

8.2. Pflichtwandlungsmitteilung. Zur Ausübung des Pflichtwandlungsrechts muss die Anleiheschuldnerin entsprechend § 16 die Ausübung des Pflichtwandlungsrechts spätestens 15 Geschäftstage vor der Endfälligkeit bekanntmachen ("**Pflichtwandlungsmitteilung**").

8.2. Mandatory Conversion Notice. To exercise the Mandatory Conversion Right the Issuer shall give notice in accordance with Sec. 16 that it exercises the Mandatory Conversion Right (the "**Mandatory Conversion Notice**") not later than 15 Business Days prior to Final Maturity.

§ 9
Durchführung der Pflichtwandlung

Sec. 9
Mandatory Conversion Procedures

9.1. Durchführung. Zur Durchführung der Pflichtwandlung müssen die Schuldverschreibungen, für die die Pflichtwandlung durchgeführt wird, entweder (i) auf das Depot der Wandlungsstelle bei Clearstream Frankfurt übertragen werden, oder (ii) einem Depot des Anleihegläubigers bei der Wandlungsstelle entnommen werden. Hierzu ist die jeweilige depotführende Bank des Anleihegläubigers mit dem Erwerb der Schuldverschreibung durch den Anleihegläubiger und deren Verbuchung auf einem Depot des Anleihegläubigers ermächtigt (soweit nicht bereits eine allgemeine

9.1. Conversion Procedures. For purposes of the Mandatory Conversion, the Notes must either (i) be transferred to a Clearstream Frankfurt account of the Conversion Agent or (ii) be withdrawn from a securities account of the Noteholder with the Conversion Agent. Upon acquisition of Notes by a Noteholder and their book entry transfer to a securities account of the Noteholder, the respective depository bank of the Noteholder is authorised by the Noteholder to this effect (if a general authorisation is not already applicable), and the depository bank shall, therefore, in any case transfer such Notes to an account of the Conversion Agent, as

Ermächtigung vorliegt), so dass die depotführende Bank in jedem Fall ohne vorherige gesonderte Benachrichtigung des Anleihegläubigers solche Schuldverschreibungen auf ein Depot der Wandlungsstelle, wie im vorangehenden Satz vorgesehen, zu übertragen hat. Die Schuldverschreibungen werden an die Wandlungsstelle zur Verwahrung für Rechnung des Anleihegläubigers und Weiterleitung an die Anleiheschuldnerin übertragen. Mit der Übertragung bzw. Entnahme der Schuldverschreibung beauftragt und ermächtigt jeder Anleihegläubiger die Wandlungsstelle für ihn die Pflichtwandlung durchzuführen und Bezugserklärungen gemäß § 198 Abs. 1 AktG abzugeben. Ein Anspruch auf Ausgabe und Lieferung von Aktien gemäß diesem § 9 sowie gemäß § 10 oder ein etwaiger Anspruch auf Ausgleich in Geld für Bruchteile von Aktien besteht erst, wenn ein Depotübertrag der Schuldverschreibungen auf ein Depot der Wandlungsstelle bei Clearstream Frankfurt erfolgt und die Pflichtwandlung durchgeführt worden ist.

provided for in the preceding sentence, without giving prior notice to the Noteholder. The Notes shall be transferred to the Conversion Agent to be held for the account of the Noteholder for transfer to the Issuer. By a withdrawal or transfer, respectively each Notholder authorises the Conversion Agent to effect on their behalf the Mandatory Conversion and to deliver the subscription certificate pursuant to § 198 (1) of the German Stock Corporation Act - AktG for the Note. Until book entry transfer of the Note to a Clearstream Frankfurt account of the Conversion Agent has been made and the Mandatory Conversion has been effected, no claim for issue and delivery of Shares pursuant to this Sec. 9 and pursuant to Sec. 10 or for compensation in cash for fractions in Shares, if any, shall exist.

9.2. Ermächtigungen. Die gemäß Ziffer 9.1 der jeweiligen depotführenden Bank und der Wandlungsstelle erteilten Ermächtigungen sind unbedingt und unwiderruflich und wirken gegenüber jedem Anleihegläubiger.

9.2. Authorizations. Any authorization pursuant to Sec. 9.1 of the relevant depository bank and the Conversion Agent shall be unconditional and irrevocable and is binding on each Noteholder.

9.3. Vollzug der Pflichtwandlung. Im Fall der Pflichtwandlung gilt das Wandlungsrecht als am Endfälligkeitstag durch den Anleihegläubiger ausgeübt. Mit der Pflichtwandlungsmitteilung erlischt der Anspruch auf Rückzahlung der Schuldverschreibungen; Ziffer 7.5 gilt entsprechend.

9.3. Implementation of Mandatory Conversion. In the event the Issuer exercises the Mandatory Conversion Right, the Noteholder will be deemed to have exercised the Conversion Right as of the Maturity Date. Upon the Mandatory Conversion Notice the right to redemption of the Notes expires; Sec. 7.5 shall apply accordingly in case of Mandatory Conversion.

9.4. Kosten der Wandlung. Die Anleiheschuldnerin zahlt sämtliche etwaige Verkehrssteuern oder sonstige vergleichbare Abgaben, die im Zusammenhang mit der Pflichtwandlung oder der Lieferung der Aktien durch die Wandlungsstelle anfallen.

9.4. Conversion Costs. The Issuer will pay all transfer taxes and similar duties, if any, which may be imposed in connection with the Mandatory Conversion or the delivery of the Shares by the Conversion Agent.

§ 10
Lieferung der Aktien; Ausgleich von Bruchteilen

Sec. 10
Delivery of Shares; Compensation for Fractions of Shares

10.1. Lieferung der Aktien; Bruchteile von Aktien. Nach einer Ausübung des Wandlungsrechts bzw. der Durchführung der Pflichtwandlung

10.1. Delivery of Shares; Fractions of Shares. Upon any exercise of the Conversion Right or the execution of the Mandatory Conversion only

werden ausschließlich ganze Aktien geliefert. Ein Anspruch auf Lieferung von Bruchteilen von Aktien besteht nicht. Soweit die Wandlungsstelle festgestellt hat (ohne dazu verpflichtet zu sein), dass für denselben Anleihegläubiger mehrere Schuldverschreibungen zur gleichen Zeit gewandelt wurden, und soweit sich für eine oder mehrere Schuldverschreibungen bei der Durchführung der Wandlung Bruchteile von Aktien ergeben, werden alle sich aus der Wandlung dieser Schuldverschreibungen ergebenden Bruchteile von Aktien addiert und die sich infolge der Addition der Bruchteile etwa ergebenden ganzen Aktien an den betreffenden Anleihegläubiger geliefert. Die Anleiheschuldnerin wird durch Lieferung an Clearstream Frankfurt in Höhe der gelieferten Aktien von ihrer Lieferpflicht befreit.

full Shares shall be delivered. Fractions of Shares may not be claimed. To the extent that the Conversion Agent has ascertained (without any obligation to do so) that several Notes have been converted at the same time for the same Noteholder and to the extent that any conversion of one or several Notes results in fractions of Shares, the fractions of Shares resulting from the conversion of such Notes shall be aggregated and any full Shares resulting from such aggregation of fractions of Shares shall be delivered to the respective Noteholder. The Issuer shall be exempted from its obligation to deliver by delivery to Clearstream Frankfurt to the extent of the delivered Shares.

10.2. Verbleibende Bruchteile von Aktien. Verbleibende Bruchteile von Aktien werden nicht geliefert, sondern in Geld ausgeglichen, wobei ein dem verbleibenden Bruchteil entsprechender Bruchteil des arithmetischen Durchschnitts der XETRA Schlusskurse an den zehn aufeinander folgenden Handelstagen unmittelbar vor dem Ausübungstag gezahlt wird, abgerundet auf den nächsten vollen Cent.

10.2. Remaining Fractions of Shares. Remaining fractions of Shares shall not be delivered and shall be compensated in cash proportional to the respective fraction of the arithmetic mean of the XETRA closing quotations on the ten Trading Days immediately preceding the Conversion Date, rounded down to the nearest full cent.

10.3. Zahlung. Ein etwaiger Ausgleich in Geld für Bruchteile von Aktien gemäß Ziffer 10.2 erfolgt an dem jeweiligen Liefertag durch Zahlung gemäß Ziffer 4.2. Auf diesen Betrag werden keine Zinsen geschuldet.

10.3. Payment. Any compensation in cash for fractions of Shares pursuant to Sec. 10.2 shall be effected on the respective day of delivery by payment pursuant to Sec. 4.2. No interest shall be due on such amount.

10.4. Steuern. Die Lieferung von Aktien gemäß Ziffer 10.1 und etwaige Zahlungen gemäß Ziffer 10.3 erfolgen nur, sofern der Anleihegläubiger etwaige Steuern, Abgaben oder amtliche Gebühren zahlt, die im Zusammenhang mit der Ausübung des Wandlungsrechts oder der Lieferung der Aktien gemäß Ziffer 10.1 oder der Leistung irgendwelcher Zahlungen gemäß Ziffer 10.3 anfallen. Steuern, Abgaben und amtliche Gebühren können von einer etwaigen Zahlung gemäß Ziffer 10.3 abgezogen werden, sofern der Anleihegläubiger solche Steuern, Abgaben oder amtlichen Gebühren nicht zuvor gezahlt hat.

10.4. Taxes. Delivery of Shares pursuant to Sec. 10.1 and any payment pursuant to Sec.10.3 are subject to payment by a Noteholder of any taxes, duties or governmental charges which may be imposed in connection with the exercise of the Conversion Right or the delivery of the Shares pursuant to Sec. 10.1 or any payment of any amount pursuant to Sec. 10.3. Taxes, duties and governmental charges may be deducted from a payment obligation pursuant to Sec. 10.3, unless the Noteholder has already paid such taxes, duties or governmental charges.

10.5. Wandlungspreis unter anteiligem Betrag. Soweit nach Auffassung der Anleiheschuldnerin eine Zahlung gemäß Ziffer 10.3 als Ermäßigung

10.5. Conversion Price below Notional Amount. To the extent that any payment pursuant to Sec. 10.3 is, in the opinion of the Issuer, considered

des Wandlungspreises bzw. Pflichtwandlungspreises darstellt, erfolgt keine solche Zahlung oder Anpassung, soweit dadurch der Wandlungspreis bzw. Pflichtwandlungspreis für eine Aktie unter EUR 1,00 herabgesetzt würde.

to be a reduction of the Conversion Price (or Mandatory Conversion Price, respectively) no such payment or adjustment shall be made to the extent that the Conversion Price (or the Mandatory Conversion Price, respectively) for one Share would thereby be reduced below EUR 1.00.

§ 11
Bereitstellung der Aktien; Dividenden

11.1 Bedingtes Kapital. Die neuen Aktien werden nach Durchführung der Wandlung aus dem bedingten Kapital 2017/II der Anleiheschuldnerin stammen und zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse zugelassen sein. Es ist geplant, das bedingte Kapital 2017/II zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse am 23. November 2017 zuzulassen, soweit dies zur Wandlung in Aktien erforderlich ist.

11.2 Dividenden. Neue Aktien, die aufgrund der Wandlung aus bedingtem Kapital ausgegeben werden, sind ab Beginn des Geschäftsjahres der Anleiheschuldnerin, in dem die Aktien ausgegeben werden, für dieses und alle folgenden Geschäftsjahre der Anleiheschuldnerin am Gewinn beteiligt; soweit neue Aktien jedoch noch vor der Hauptversammlung ausgegeben werden, die über die Verwendung des Bilanzgewinns des vorangegangenen Geschäftsjahres beschließt, gilt die Gewinnbeteiligung auch für das ihrer Ausgabe vorangegangene Geschäftsjahr.

Sec. 11
Procurement of Shares; Dividends

11.1. Conditional Capital. Upon execution of the conversion, the new Shares will be issued out of the conditional Capital 2017/II of the Issuer and will be admitted to trading on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). It is planned that the contingent Capital 2017/II is admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange and on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) on 23 November 2017, as far as this is necessary in order to enable the conversion into new Shares.

11.2. Dividends. New Shares issued upon conversion from the Issuer's conditional capital shall be entitled to dividends in respect of the then current and all following financial years as from the beginning of the financial year of the Issuer in which such Shares are issued; in the event, however, that new Shares are issued before the general meeting resolving on the appropriation of the net profits of the preceding financial year, the new Shares shall be entitled to dividends as from the beginning of the financial year preceding their issuance.

§ 12
Verwässerungsschutz

12.1. Bezugsrecht für Aktionäre.

(a) Wenn die Anleiheschuldnerin vor Ablauf des Endfälligkeitstags oder einem früheren Rückzahlungstag unter Gewährung von Bezugsrechten an ihre Aktionäre gemäß § 186 AktG (i) ihr Grundkapital durch Ausgabe neuer Aktien gegen Einlagen erhöht, oder (ii) weitere

Sec. 12
Dilution Adjustments

12.1. Pre-emptive Rights for Shareholders

(a) If the Issuer prior to the Maturity Date or an earlier date of redemption, subject to pre-emptive rights of its shareholders pursuant to § 186 of the German Stock Corporation Act - AktG, (i) increases its share capital by issuing new shares against capital contributions; or (ii) issues or

Schuldverschreibungen mit Options- oder Wandlungsrechten oder -pflichten, Gewinnschuldverschreibungen oder Genussscheine begibt oder garantiert oder eigene Aktien veräußert, ist jedem Anleihegläubiger, der sein Wandlungsrecht noch nicht wirksam ausgeübt hat, vorbehaltlich der Bestimmungen in Ziffer 12.1 (b) und (c), ein Bezugsrecht in dem Umfang einzuräumen, wie es ihm zustünde, wenn eine Ausübung des Wandlungsrechts bzw. die Pflichtwandlung an dem Geschäftstag unmittelbar vor dem Ex-Tag erfolgt wäre. "**Ex-Tag**" ist der erste Handelstag, an dem die Aktien "ex Bezugsrecht", "ex Dividende" oder ex eines anderen Rechts, auf Grund dessen eine Anpassung des Börsenpreises im XETRA-System (oder einem Nachfolgesystem) erfolgt, gehandelt werden.

guarantees further debt securities with warrants or bonds/notes with option or conversion rights or conversion obligations, profit-linked bonds/ notes or profit participation certificates or sells own shares, each Noteholder who has not yet exercised their Conversion Right, shall, subject to the provisions of Sec. 12.1 (b) and (c), be granted a pre-emptive right equal to the right they would have been entitled to had the Conversion Right or the Mandatory Conversion been exercised on the Business Day immediately preceding the Ex-Date. "**Ex-Date**" shall mean the first Trading Day on which the Shares are traded "ex subscription right", "ex dividend" or ex any other right giving rise to an adjustment of the quoted price in the XETRA-System (or a successor system).

(b) Nach freiem Ermessen der Anleiheschuldnerin kann an jeden Anleihegläubiger, der sein Wandlungsrecht noch nicht ausgeübt hat, anstelle der Einräumung eines Bezugsrechts eine Ausgleichszahlung in bar (der "**Bezugsrechtsausgleichsbetrag**") geleistet werden, die je Schuldverschreibung dem Bezugsrechtswert (wie nachstehend definiert), multipliziert mit dem an dem dem Ex-Tag unmittelbar vorangehenden Tag geltenden Wandlungsverhältnis, entspricht. Der Bezugsrechtsausgleichsbetrag wird auf den nächsten vollen Cent aufgerundet und wird erst bei Ausübung des Wandlungsrechts fällig und zahlbar. Ziffer 10.3 und 10.4 gelten entsprechend.

(b) Instead of being granted a pre-emptive right, each Noteholder who has not yet exercised its Conversion Right shall, at the Issuer's sole discretion, receive per Note payment of a cash compensation (the "**Subscription Rights Compensation Amount**") corresponding to the Value of the Subscription Right (as defined below) multiplied by the Conversion Ratio applicable on the day immediately preceding the Ex-Date. The Subscription Rights Compensation Amount shall be rounded up to the nearest full cent and shall only become due and payable upon exercise of the Conversion Right. Sec. 10.3 and 10.4 apply mutatis mutandis.

(c) Anstelle der Einräumung eines Bezugsrechts oder der Zahlung eines Bezugsrechtsausgleichsbetrags kann die Anleiheschuldnerin eine Anpassung des Wandlungspreises gemäß der nachstehenden Formel vornehmen:

(c) Instead of granting a pre-emptive right or the payment of a Subscription Rights Compensation Amount, the Issuer may elect to adjust the Conversion Price in accordance with the following formula:

$$CPn = CPo - VSR$$

$$CPn = CPo - VSR$$

Dabei ist:

Where:

CPn = der neue Wandlungspreis

CPn = the new Conversion Price

CPo = der unmittelbar vor Schluss des Börsenhandels an der FWB am Stichtag (wie nachfolgend definiert) geltende Wandlungspreis

"**Stichtag**" ist, je nachdem, was zeitlich früher gelegen (i) der relevante Zeitpunkt für die Bestimmung der Aktionäre, die Anspruch auf Rechte, Bezugs-, Options- oder Wandlungsrechte oder Ausschüttungen haben oder (ii) der Handelstag, der dem Ex-Tag unmittelbar vorausgeht.

VSR = Bezugsrechtswert

Bezugsrechtswert bedeutet je Aktie: Der durchschnittliche Börsenkurs des den Aktionären zustehenden Bezugsrechts an den letzten zehn Handelstagen der Bezugsrechte (i) in der Eröffnungsauktion im XETRA-Handel (oder einem von der Deutschen Börse AG bestimmten Nachfolgesystem) oder, soweit die Bezugsrechte nicht im XETRA-Handel gehandelt werden, (ii) gemäß dem Eröffnungskurs für das Bezugsrecht im XETRA II-Handel (vormals Parketthandel) an der FWB, oder (iii) falls es beide Kurse nicht gibt bzw. soweit ein Handel mit Bezugsrechten nicht stattfindet, der von der Wandlungsstelle (wie in Ziffer 15.2 definiert) nach anerkannten finanzmathematischen Methoden ermittelte bestimmte Wert des Bezugsrechts.

In diesem Fall wird das Wandlungsverhältnis entsprechend angepasst. Eine Anpassung des Wandlungspreises erfolgt nicht, wenn VSR gleich 0 ist.

12.2. Kapitalerhöhung aus Gesellschaftsmitteln. Im Falle einer Kapitalerhöhung der Anleiheschuldnerin aus Gesellschaftsmitteln gemäß § 207 AktG (d.h. durch Umwandlung von Kapitalrücklagen oder Gewinnrücklagen) unter Ausgabe neuer Aktien vor Ablauf des Endfälligkeitstags oder einem früheren Rückzahlungstag wird der Wandlungspreis mit dem nach der nachstehenden Formel errechneten Wert multipliziert:

CPo = the Conversion Price in effect immediately prior to the close of trading on the FSE on the Record Date (as defined below)

"**Record Date**" is the time and date being the earlier of (i) the relevant time of the determination of shareholders entitled to receive rights, subscription rights, option or conversion rights or Distributions or (ii) the Trading Day which immediately precedes the Ex-Date.

VSR = Value of the Subscription Right.

Value of the Subscription Right means on a per share basis: the average market price of the shareholders' subscription rights during the last ten Trading Days of the rights trading (i) in the opening auction of the trading in XETRA (or any successor trading system of Deutsche Börse AG) or, if the subscription rights are not traded in the XETRA trading, (ii) the opening auction of the XETRA II trading (former floor trading) on the FSE, or in the event that both such quotations are not available or (iii) if there is no subscription rights trading, the value of the subscription right, as determined by the Conversion Agent (as defined in Sec. 15.2) based on common financial mathematical methods.

In this case the Conversion Ratio shall be adjusted accordingly. There shall be no adjustment of the Conversion Price if VSR equals 0.

12.2. Capital Increase from Company Reserves. In the event of a capital increase of the Issuer from company reserves (i.e., capital reserves or retained earnings) pursuant to § 207 of the German Stock Corporation Act - AktG by issuing new shares prior to the Mandatory Date an earlier date of redemption, the Conversion Price shall be multiplied by the number determined by the following formula:

No / Nn

Dabei ist:

No = die Anzahl der ausgegebenen Aktien vor der Kapitalerhöhung aus Gesellschaftsmitteln, und

Nn = die Anzahl der ausgegebenen Aktien nach der Kapitalerhöhung aus Gesellschaftsmitteln.

12.3. Änderung der Zahl der Aktien ohne Änderung des Grundkapitals; Kapitalherabsetzung durch Zusammenlegung; Kapitalherabsetzung.

(a) **Änderung der Zahl der Aktien ohne Änderung des Grundkapitals; Kapitalherabsetzung durch Zusammenlegung.** Sofern vor dem Endfälligkeitstag oder einem früheren Rückzahlungstag (i) die Zahl der ausstehenden Aktien ohne Änderung des Grundkapitals der Anleiheschuldnerin geändert wird (z.B. in Folge eines Aktiensplits oder einer Zusammenlegung von Aktien (umgekehrter Aktiensplit)), oder (ii) das Grundkapital der Anleiheschuldnerin durch Zusammenlegung von Aktien herabgesetzt wird, gilt Ziffer 12.2 entsprechend.

(b) Kapitalherabsetzung. Im Falle einer Herabsetzung des Grundkapitals der Anleiheschuldnerin allein durch Herabsetzung des auf die einzelne Aktie entfallenden anteiligen Betrages des Grundkapitals bleibt das Wandlungsverhältnis, vorbehaltlich Ziffer 12.4, unverändert, jedoch mit der Maßgabe, dass nach einem solchen Ereignis zu liefernde Aktien mit ihrem jeweiligen neuen, auf die einzelne Aktie entfallenden anteiligen Betrag des Grundkapitals geliefert werden.

12.4. Ausschüttungen. Falls die Anleiheschuldnerin vor dem Endfälligkeitstag oder einem früheren Rückzahlungstag an ihre Aktionäre (i) Vermögenswerte (auch in Form einer Sachdividende, eines Aktienrückkaufs, bei dem die Gesellschaft ihren Aktionären Verkaufsoptionen gewährt, sowie einer

No / Nn

Where:

No = the number of issued Shares before the increase of share capital from company reserves, and

Nn = the number of issued Shares after the increase of share capital from company reserves.

12.3. Changes in the Number of Shares without Change in the Share Capital; Capital Decrease by Combination of Shares; Capital Decrease

(a) **Changes in the Number of Shares without Change in the Share Capital; Capital Decrease by Combination of Shares.** If prior to the Maturity Date or an earlier date of redemption (i) the number of outstanding Shares is being changed without a change in the aggregate amount of the Issuer's share capital (e.g. by means of splitting or combining shares (reverse split)) or (ii) the Issuer decreases its share capital by combining shares, Sec. 12.2 shall apply mutatis mutandis.

(b) Capital Decrease. In the event of a decrease of the Issuer's share capital which is solely the result of a reduction of the interest in the share capital represented by each Share, the Conversion Price shall, subject to Sec. 12.4, remain unchanged provided that Shares to be delivered after the occurrence of such an event shall be delivered with their respective new portion of the share capital allotted to them.

12.4. Distributions. If the Issuer prior to the Mandatory Date or an earlier date of redemption distributes, allots or grants to its shareholders (i) assets (also in the form of a dividend in kind, in case of a share repurchase where the Issuer grants to its shareholders put options, and in the form of a capital decrease for the purpose of

Kapitalherabsetzung zwecks Rückzahlung von Teilen des Grundkapitals (in letzterem Fall stellt die Rückzahlung für Zwecke dieser Ziffer 12.4 Vermögenswerte dar), aber ausgenommen etwaige Bardividenden (wie nachfolgend definiert) oder Schuldverschreibungen, Options- oder Wandelrechte (mit Ausnahme der in Ziffer 12.1 genannten Rechte) ausschüttet, verteilt oder gewährt oder (ii) eine Bardividende ausschüttet, verteilt oder gewährt (die Fälle (i) und (ii) jeweils eine "**Ausschüttung**"), wird der Wandlungspreis gemäß der nachstehenden Formel angepasst:

CPn = CPo x (M - F) / M

Dabei ist:

CPn = der angepasste Wandlungspreis

CPo = der Wandlungspreis am Stichtag

M = der Durchschnittliche Marktpreis (wie nachfolgend definiert) und

F = im Falle von (i): der angemessene Marktwert der Ausschüttung, wie von der Wandlungsstelle bestimmt, an dem Geschäftstag, der dem Ex-Tag unmittelbar vorangeht (der "**Angemessene Marktwert**"), berechnet pro Aktie, wobei im Falle eines Aktienrückkaufs, bei dem die Anleiheschuldnerin ihren Aktionären Verkaufsoptionen gewährt, "F" dem Verkaufsoptionswert (wie nachfolgend definiert) entspricht,

im Falle von (ii): die Bardividende, berechnet pro Aktie,

vorausgesetzt dass in den Fällen (i) und (ii) F größer 0 ist.

Anpassungen werden auch bei Beschluss und/oder Ausschüttung am selben Tag unabhängig und getrennt voneinander durchgeführt und berechnet.

"**Bardividende**" ist der Gesamtbetrag einer etwaigen Bardividende je Aktie vor Abzug von Quellensteuer.

"**Durchschnittlicher Marktpreis**" ist das arithmetische Mittel der XETRA Kurse für den

repaying parts of the share capital (in the later case the repayment shall constitute assets for purposes of this Sec. 12.4), but excluding any Cash Dividend (as defined below) or debt securities or warrants or conversion rights (with the exclusion of the rights mentioned in Sec. 12.1), or (ii) a Cash Dividend (each of the cases (i) and (ii) a "**Distribution**"), the Conversion Price shall be adjusted in accordance with the following formula:

CPn = CPo x (M - F) / M

Where:

CPn = the adjusted Conversion Price

CPo = the Conversion Price on the Record Date

M = the Average Market Price (as defined below), and

F = in case of (i): the fair market value of the Distribution on the Business Day immediately preceding the Ex Date as determined by the Conversion Agent (the "**Fair Market Value**"), calculated on a per share basis, with "F" corresponding to the Put Option Value (as defined below) in the case of a share repurchase where the Issuer grants put options to its shareholders,

in case of (ii): the Cash Dividend on a per share basis,

provided that in the cases (i) and (ii) F exceeds 0.

Adjustments shall, also in cases of a resolution and/or distribution on the same day, be made and calculated independently and separately of each other.

"**Cash Dividend**" shall refer to the total amount on a per share basis of any cash dividend prior to deduction of any withholding tax.

"**Average Market Price**" means the arithmetic mean of the XETRA Quotations for the shorter

kürzesten der nachfolgenden Zeiträume (mit der Maßgabe, dass ein Zeitraum mindestens einen Handelstag umfasst):

(a) die zehn aufeinanderfolgenden Handelstage vor dem Stichtag, oder

(b) der Zeitraum, der am ersten Handelstag nach dem Tag beginnt, an dem die maßgebliche Auschüttung zum ersten Mal öffentlich bekannt gemacht wurde, und die an dem Handelstag endet, der dem Stichtag vorausgeht, oder

(c) der Zeitraum, der am Ex-Tag für die nächste Ausschüttung, für die eine Anpassung erforderlich ist, beginnt und am letzten Handelstag vor dem relevanten Stichtag endet.

"**Verkaufsoptionswert**" ist (berechnet je Aktie):

(a) der Schlusskurs des Rechts zum Verkauf von Aktien am Ex-Tag, oder

(b) falls ein solcher Kurs nicht feststellbar ist, der von der Wandlungsstelle zu bestimmende Wert dieser Verkaufsoption.

Das Wandlungsverhältnis wird entsprechend angepasst.

12.5. Verschmelzung; Andere Reorganisation.

(a) Verschmelzung. Im Fall einer Verschmelzung (§ 2 UmwG) mit der Anleiheschuldnerin als übertragendem Rechtsträger im Sinne des UmwG vor dem Endfälligkeitstag oder einem früheren Rückzahlungstag hat ein Anleihegläubiger bei Ausübung des Wandlungsrechts bzw. am Endfälligkeitstag Anspruch auf die Anzahl von Aktien an dem oder den übernehmenden Rechtsträger(n) ("**Erwerberaktien**"), die sich errechnet durch Division des Gesamtnennbetrags der Schuldverschreibungen, die ein Anleihegläubiger zur Wandlung einliefert bzw. die pflichtgewandelt werden, durch den am Ausübungstag bzw. am Endfälligkeitstag geltenden und im Hinblick auf die Erwerberaktien gemäß der nachfolgenden Formel angepassten Wandlungspreis, abgerundet auf die nächste ganze Erwerberaktie, mit der

of the following time periods (with the proviso that any period shall at least last one Trading Day):

(a) ten consecutive Trading Days prior to the Record Date, or

(b) the period commencing on the Trading Day next succeeding the first public announcement of the relevant Distribution and ending on the Trading Day prior to the Record Date, or

(c) the period, commencing on the Ex Date with respect to the next distribution for which an adjustment is required, and ending on the last Trading Day prior to the relevant Record Date.

"**Put Option Value**" shall mean (calculated on a per share basis):

(a) the closing price of the right to sell Shares on the Ex Date, or

(b) in case such price shall not be available, the value of such put option which shall be determined by the Conversion Agent.

The Conversion Ratio shall be adjusted accordingly.

12.5. Merger; Other Reorganizations.

(a) Merger. In the event of a merger (§ 2 of the German Transformation Act - UmwG) of the Issuer as transferor entity within the meaning of the German Transformation Act - UmwG prior to the Maturity Date or an earlier date of redemption, a Noteholder, upon exercise of the Conversion Right or on the Maturity Date, is entitled to such number of shares of the transferee entity (entities) (the "**Transferee Shares**") as is calculated by dividing the aggregate Principal Amount of Notes delivered by a Noteholder for conversion or have been mandatorily converted by the Conversion Price in existence on the Conversion Date or in the Maturity Date as adjusted with respect to the Transferee Shares pursuant to the following formula, rounded down to the next full Transferee Share, with the proviso that these Terms and Conditions

Maßgabe, dass sich diese Anleihebedingungen danach auf die Erwerberaktien beziehen, als handele es sich um Aktien:

CPts = CPo x 1 / TS

Dabei ist:

CPts = der im Hinblick auf die Erwerberaktien angepasste Wandlungspreis

CPo = der Wandlungspreis am Ausübungstag

TS = die Anzahl Erwerberaktien, zu der ein Aktionär der Gesellschaft in Bezug auf eine Aktie berechtigt ist

(b) Andere Reorganisation. Im Fall einer Aufspaltung der Anleiheschuldnerin (§ 123 Abs. 1 UmwG) oder einer Abspaltung (§ 123 Abs. 2 UmwG) vor dem Endfälligkeitstag oder einem früheren Ausübungstag hat ein Anleihegläubiger bei Ausübung seines Wandlungsrechts bzw. am Endfälligkeitstag (im Fall einer Abspaltung von Vermögen der Anleiheschuldnerin zusätzlich zu dem Recht, Aktien aufgrund der Ausübung des Wandlungsrechts bzw. aufgrund der Pflichtwandlung zu erhalten) Anspruch auf die Anzahl von Aktien an dem oder den übernehmenden Rechtsträger(n) (die "**Aktien des übernehmenden Rechtsträgers**"), die sich errechnet durch Division des Gesamtnennbetrags der Schuldverschreibungen, die ein Anleihegläubiger zur Wandlung einliefert bzw. die pflichtgewandelt werden, durch den am Ausübungstag bzw. am Endfälligkeitstag geltenden und im Hinblick auf die Aktien des übernehmenden Rechtsträgers gemäß der nachfolgenden Formel angepassten Wandlungspreis, abgerundet auf die nächste ganze Aktie des übernehmenden Rechtsträgers, mit der Maßgabe, dass sich diese Anleihebedingungen danach auf die Aktien des übernehmenden Rechtsträgers beziehen, als handele es sich um Aktien:

shall thereafter apply to the Transferee Shares as if they were Shares:

CPts = CPo x 1 / TS

Where:

CPts = the adjusted Conversion Price with respect to the Transferee Shares,

CPo = the Conversion Price on the Record Date,

TS = the number of Transferee Shares to which a holder of Shares is entitled with respect to one Share.

(b) Other Reorganizations. In the event of a split-up of the Issuer (§ 123 (1) of the German Transformation Act - UmwG) or a spin-off (§ 123 (2) of the German Transformation Act - UmwG), in each case prior to the Maturity Date or an earlier date of redemption, a Noteholder, upon exercise of his Conversion Right or on the Maturity Date, is (in the case of a spin-off with respect to assets of the Issuer, in addition to the right to receive Shares upon exercise of the Conversion Right) or of the Mandatory Conversion, entitled to such number of shares in the acquiring entity (entities) (the "**Acquiring Entity Shares**"), as is calculated by dividing the aggregate Principal Amount of Notes delivered by a Noteholder for conversion or mandatorily converted by the Conversion Price in existence on the Conversion Date or on the Maturity Date as adjusted with respect to the Acquiring Entity Shares pursuant to the following formula, rounded down to the next full Acquiring Entity Share, with the proviso that these Terms and Conditions shall thereafter apply to the Acquiring Entity Shares is if they were Shares:

CPas = CPo x 1 / AS

Dabei ist:

CPas = der im Hinblick auf die Aktien des übernehmenden Rechtsträgers angepasste Wandlungspreis;

CPo = der Wandlungspreis am Ausübungstag bzw. am Endfälligkeitstag; und

AS = die Anzahl der Aktien des übernehmenden Rechtsträgers, zu der ein Aktionär der Gesellschaft in Bezug auf eine Aktie berechtigt ist.

12.6. Andere Ereignisse; Ausschluss von Anpassungen. Bei dem Eintritt eines anderen Ereignisses, das die Aktien, das Wandlungsverhältnis oder den Wandlungspreis berührt, wird ein von der Anleiheschuldnerin bestellter unabhängiger Sachverständiger solche Anpassungen am Wandlungsverhältnis und am Wandlungspreis vornehmen, die der unabhängige Sachverständige gemäß § 317 BGB festsetzt, um ein solches Ereignis zu berücksichtigen.

Bei einer Verschmelzung, bei der die Anleiheschuldnerin übernehmender Rechtsträger ist, bei einer Ausgliederung eines oder mehrerer Vermögenswerte durch die Anleiheschuldnerin (§ 123 Abs. 3 UmwG) oder bei einem ähnlichen Ereignis bleibt der Wandlungspreis unverändert.

Es werden keine Anpassungen vorgenommen im Hinblick auf (i) die Ausgabe von Aktienoptionen an Mitglieder des Vorstands, des Aufsichtsrats oder Mitarbeiter der Anleiheschuldnerin oder ihrer Tochtergesellschaften im Rahmen von Aktienoptions-Programmen der Anleiheschuldnerin oder (ii) die Ausgabe von Aktien aus bedingtem Kapital, das am Emissionstag bereits existierte.

Eine Anpassung des Wandlungspreises gemäß diesem § 12 darf nicht dazu führen, dass der Wandlungspreis den anteiligen Betrag des Grundkapitals je Aktie unterschreitet. Soweit eine Anpassung des Wandlungspreises alleine gemäß diesen § 12 oder zusammen mit anderen Anpassungen des Wandlungspreises dazu

CPas = CPo x 1 / AS

Where:

CPas = the adjusted Conversion Price with respect to the Acquiring Entity Shares;

CPo = the Conversion Price on the Record Date or on the FMaturity Date; and

AS = the number of Acquiring Entity Shares to which a holder of Shares is entitled with respect to one Share.

12.6. Other Events; Exclusion of Adjustments. If any other event occurs which affects the Shares, the Conversion Ratio or the Conversion Price, an independent expert appointed by the Issuer at the expense of the Issuer shall make such adjustments to the Conversion Ratio and the Conversion Price as such independent expert shall determine in accordance with § 317 of the German Civil Code - BGB to take account of such event.

In the event of a merger whereby the Issuer is the acquiring entity, a hive down of one or more assets by the Issuer (§ 123(3) of the German Transformation Act - UmwG, or a similar event, the Conversion Price shall remain unchanged.

No adjustments shall be made in relation to (i) the issuance of stock options for members of the executive board or supervisory board or employees of the Issuer or its subsidiaries under stock option programs of the Issuer or (ii) the issuance of Shares out of conditional capital existing on the Issue Date.

Any adjustment of the Conversion Price pursuant to this § 12 may not result in a Conversion Price that is less than the notional nominal amount per Share. To the extent that any adjustment of the Conversion Price solely pursuant to this § 12 or together with any other adjustments of the Conversion Price, would

führen würde, dass die Anleiheschuldnerin, unter der Annahme der Wandlung aller ausstehenden Schuldverschreibungen, Aktien mit einem anteiligen Betrag des Grundkapitals, der höher als das dafür bedingte Kapital gemäß Ziffer 11.1 ist, zu liefern hätte, gilt Ziffer 10.2 entsprechend.

require the Issuer, assuming conversion of all outstanding Notes, to deliver Shares with a notional nominal amount in excess of the conditional share capital referred to in Sec. 11.1, Sec. 10.2 shall apply mutatis mutandis.

12.7. Mehrfache Anpassung. Sofern eine Anpassung des Wandlungspreises nach mehr als einer der Vorschriften der Ziffern 12.1, 12.2, 12.3, 12.4, 12.5 und/oder 12.6 durchzuführen ist und der Stichtag (wie in Ziffer 12. (c) definiert) für diese Anpassungen auf denselben Tag fällt, wird, es sei denn die Reihenfolge der Ereignisse, die eine Anpassung auslösen, wurde von der Anleiheschuldnerin anders festgelegt, zuerst eine Anpassung nach den Vorschriften der Ziffer 12.3, zweitens nach den Vorschriften der Ziffer 12.4, drittens nach den Vorschriften der Ziffer 12.2, viertens nach den Vorschriften der Ziffer 12.1, fünftens nach den Vorschriften der Ziffer 12.5 (a), sechstens nach den Vorschriften der Ziffer 12.5 (b) und schließlich nach den Vorschriften der Ziffer 12.6 durchgeführt.

12.7. Multiple Adjustments. If adjustments of the Conversion Price are required under more than one of sec. 12.1, 12.2, 12.3, 12.4, 12.5 and/or 12.6 and the Record Date (as defined in Sec. 12.1 (c)) for such adjustments shall occur on the same date, then, unless the order of the events requiring such adjustments is otherwise specified by the Issuer, such adjustments shall be made by applying, first, the provisions of Sec. 12.3, second, the provisions of Sec. 12.4, third, the provisions of Sec. 12.2, fourth, the provisions of Sec. 12.1, fifth, the provisions of Sec. 12.5 (a), sixth, the provisions of Sec. 12.5 (b) and finally the provisions of Sec. 12.6.

12.8. Wirksamkeit; Ausschluss. Anpassungen nach Maßgabe dieses § 12 werden zu Beginn des Ex-Tages wirksam, oder, im Falle von Anpassungen nach Maßgabe von Ziffer 12.5 (a) und (b), an dem Tag, an dem die Verschmelzung (wie in Ziffer 12.5 (a) beschrieben) oder die andere Reorganisation (wie in Ziffer 12.5 (b) beschrieben) rechtlich wirksam wird, oder, im Falle von Anpassungen nach Maßgabe von Ziffer 12.6, an dem Tag, an dem eine von dem unabhängigen Sachverständigen festgesetzte Anpassung wirksam wird. Anpassungen nach Maßgabe dieses § 12 werden nicht vorgenommen, sofern der Ex-Tag, oder im Falle von Ziffer 12.5 (a) und (b), der Tag, an dem die Verschmelzung oder die andere Reorganisation rechtlich wirksam wird, oder, im Falle von Ziffer 12.6, der Tag, an dem eine von dem unabhängigen Sachverständigen festgesetzte Anpassung wirksam wird.

12.8. Effectiveness; Preclusion. Adjustments pursuant to this § 12 shall become effective as of the beginning of the Ex Date or, in the case of adjustments pursuant to Sec. 12.5 (a) and (b), the date on which the merger (as described in Sec. 12.5 (a)) or the other reorganization (as described in Sec. 12.5 (b)) becomes legally effective or, in the case of adjustments pursuant to Sec. 12.6, the date on which such adjustment takes effect as determined by the independent expert. Adjustments pursuant to this § 12 will not be made if the Ex Date or, in the case of Sec. 12.5 (a) and (b), the date on which the merger or other reorganization becomes legally effective or, in the case of Sec. 12.6, the date on which the adjustment the date on which the adjustment made by an independent expert will become effective.

12.9. Auf- bzw. Abrundung und Lieferung. Der Wandlungspreis, der sich aufgrund einer Anpassung gemäß § 12 ergibt, wird auf vier Dezimalstellen aufgerundet; das Wandlungsverhältnis, das sich aufgrund des so angepassten und gerundeten Wandlungspreises

12.9. Rounding up or down and Delivery. The Conversion Price determined by an adjustment pursuant to § 12 shall be rounded upwards to four decimal points; the Conversion Ratio, calculated on the basis of the Conversion Price so adjusted and rounded, shall be rounded

errechnet, wird (vor einer etwaigen Addition von Aktien) auf vier Dezimalstellen abgerundet. Die sich daraus ergebende Zahl von Aktien wird gemäß Ziffer 10.1 geliefert. Bruchteile von Aktien werden gemäß Ziffer 10.1 zusammengefasst. Verbleibende Bruchteile von Aktien werden gemäß Ziffer. 10.2 ausgeglichen.

downwards to four decimal points (before any aggregation of Shares). The number of Shares resulting there from shall be delivered pursuant to Sec. 10.1. Fractions of Shares shall be aggregated in accordance with Sec. 10.1. Remaining fractions of Shares shall be compensated pursuant to Sec. 10.2.

12.10. Zuständigkeit; Bekanntmachung. Anpassungen gemäß diesem § 12 werden durch die Anleiheschuldnerin oder durch einen von ihr auf eigene Kosten zu bestellenden Sachverständigen vorgenommen und sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten bindend. Die Anleiheschuldnerin ist berechtigt, den Rat von Rechtsberatern oder anderen Fachleuten in Anspruch zu nehmen, wenn sie dies für erforderlich hält, und darf sich auf den ihr erteilten Rat verlassen. Die Anleiheschuldnerin hat (i) die Einräumung eines Bezugsrechts (Ziffer 12.1 (a)) oder die Zahlung eines Bezugsrechtsausgleichsbetrags (Ziffer 12.1 (b)) bzw. die Anpassung des Wandlungspreises (Ziffer 12.1 (c)), (ii) die Anpassung wegen einer Kapitalerhöhung aus Gesellschaftsmitteln (Ziffer 12.2), (iii) die Anpassung wegen Änderung der Zahl der Aktien ohne Änderung des Grundkapitals der Anleiheschuldnerin oder eine Kapitalherabsetzung durch Zusammenlegung von Aktien (Ziffer 12.3 (a)), (iv) die Anpassung wegen einer Ausschüttung (Ziffer 12.4), (v) eine Verschmelzung, Aufspaltung oder Abspaltung (Ziffer 12.5) oder (vi) eine sonstige Anpassung (Ziffer 12.6) gemäß § 16 bekannt zu machen.

12.10. Responsibility; Notice. Adjustments pursuant to this § 12 shall be made by the Issuer or an expert appointed by it at its own expense and will be binding on all parties involved, expect in case of an obvious mistake. The Issuer may engage the advice of any lawyers or other experts whose advice or services may seem necessary to it and rely upon any advice so obtained. The Issuer shall give notice in accordance with Sec. 16 of (i) the granting of a pre-emptive right (Sec. 12.1 (a)) or the payment of a Subscription Rights Compensation Amount (Sec 12.1 (b)) or the adjustment of the Conversion Price (Sec. 12.1 (c)), (ii) any adjustment due to a capital increase from company reserves (Sec. 12.2), (iii) an adjustment due to a change in the number of shares without change in the aggregate amount of the share capital of the Issuer or a capital decrease by combining shares (Sec. 12.3 (a)); (iv) any adjustment or payment of a compensation amount due to a Distribution (Sec. 12.4), (v) a merger, split-up or spin-off (Sec. 12.5) or (vi) any other adjustment (Sec. 12.6)).

§ 13
Status; Negativverpflichtung der Anleiheschuldnerin

Sec. 13
Pari Passu; Negative Pledge of the Issuer

13.1. Die Verpflichtungen der Anleiheschuldnerin aus den Schuldverschreibungen haben mindestens den gleichen Rang wie alle anderen unbesicherten und nicht nachrangigen Verpflichtungen der Anleiheschuldnerin hinsichtlich aufgenommener Gelder.

13.1. The obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated obligations from borrowings of the Issuer.

13.2. Negativverpflichtung. Die Anleiheschuldnerin verpflichtet sich, während der Laufzeit der Schuldverschreibungen gemäß Ziffer 3.1 ihr Vermögen nicht ganz oder teilweise zu verpfänden, zu belasten oder anderweitig als Sicherheit zu verwenden, um gegenwärtige oder

13.2. Negative Pledge. The Issuer undertakes, during the period of the Notes pursuant to Sec. 3.1 not to create any lien, pledge or other security right upon any part of its assets to secure any present or future capital market indebtedness in the form of or represented by bonds, notes,

zukünftige Kapitalmarktverbindlichkeiten in Gestalt von Obligationen, Schuldverschreibungen, Pfandbriefen, Obligationsanleihen oder anderen Wertpapieren, die an Börsen, OTC- oder anderen Wertpapiermärkten notiert, gelistet oder anderweitig gehandelt werden können, bzw. Schuldscheindarlehen (d.h. Darlehen, die entweder durch einen "Schuldschein", "certificate of indebtedness" oder ein ähnliches Dokument dokumentiert sind, oder die in einem Darlehensvertrag als "Schuldscheindarlehen", "Schuldschein" oder "certificate of indebtedness" bezeichnet sind) zu besichern. Die Verpflichtung nach Satz 1 dieser Ziffer 13.2 besteht jedoch nicht für Sicherheiten, (i) die gesetzlich vorgeschrieben sind, oder, (ii) die im Zusammenhang mit staatlichen Genehmigungen verlangt werden.

debentures, loan stock or other securities capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and *Schuldschein* loans (i.e. loans that are evidenced by a written instrument entitled "*Schuldschein*", "certificate of indebtedness" or a similar document or which is referred to in the loan agreement as "*Schuldschein*" or "certificate of indebtedness"). The undertaking pursuant to sentence 1 of this Sec. 13.2 shall not apply to any security which is (i) mandatory according to applicable laws, or (ii) required as a prerequisite for governmental approvals.

§ 14
Kündigung durch Anleihegläubiger

14.1. Kündigungsrecht. Jeder Anleihegläubiger ist bei Vorliegen eines wichtigen Grundes berechtigt, seine sämtlichen Ansprüche aus den Schuldverschreibungen durch Abgabe einer Kündigungserklärung (die "**Kündigungserklärung**") gegenüber der Anleiheschuldnerin zu kündigen und fällig zu stellen und Rückzahlung des Nennbetrags zu verlangen. Ein solcher wichtiger Grund liegt insbesondere vor:

(a) im Falle der Eröffnung eines Insolvenzverfahrens über das Vermögen der Emittentin oder im Falle der Ablehnung der Eröffnung eines solchen Insolvenzverfahrens mangels Masse; oder

(b) wenn die Emittentin aufgrund eines Liquidationsbeschlusses der Hauptversammlung liquidiert wird.

14.2. Kündigungserklärung. Eine Kündigungserklärung hat in der Weise zu erfolgen, dass der Anleihegläubiger der Anleiheschuldnerin eine schriftliche Erklärung übergibt oder durch eingeschriebenen Brief übersendet und dabei durch eine Bescheinigung seiner Depotbank nachweist, dass er die betreffenden Schuldverschreibungen zum Zeitpunkt der Erklärung hält. Kündigungserklärungen gemäß Ziffer 14.1 sind

Sec. 14
Termination by Noteholders

14.1. Right of Termination. In case of the existence of an important reason, each Noteholder is entitled to declare due and payable by submitting a notice of termination (a "**Termination Notice**") to the Issuer its entire claims arising from the Notes and demand payment of their Principal Amount. Such an important reason shall exist especially:

(a) in the instance of the opening of insolvency proceedings for the Issuer's assets or in the case of the rejection of the opening of such insolvency proceedings due to a lack of net assets; or

(b) if the Issuer is liquidated due to a liquidation resolution passed by the shareholders' meeting.

14.2. Notice. Any Termination Notice shall be made by means of a written notice to be delivered by hand or registered mail to the Issuer together with evidence by means of a certificate of the Noteholder's depository bank that such Noteholder at the time of such written notice is a holder of the relevant Notes. Termination Notices pursuant to Sec. 14.1 shall be irrevocable.

unwiderruflich.

§ 15
Zahlstelle; Wandlungsstelle

15.1. Zahlstelle. Die Anleiheschuldnerin hat die Baader Bank AG, Unterschleißheim zur Zahlstelle (die "**Zahlstelle**") bestellt. Die Zahlstelle ist von den Beschränkungen des § 181 BGB befreit. Adressänderungen werden gemäß § 16 bekannt gemacht. In keinem Fall dürfen sich die Geschäftsräume der Zahlstelle innerhalb der Vereinigten Staaten oder ihrer Besitzungen befinden.

15.2. Wandlungsstelle. Die Anleiheschuldnerin hat die Baader Bank AG, Unterschleißheim zur Wandlungsstelle (die "**Wandlungsstelle**" und gemeinsam mit der Zahlstelle, die "**Verwaltungsstelle**") bestellt. Die Wandlungsstelle ist von den Beschränkungen des § 181 BGB befreit. Adressänderungen werden gemäß § 16 bekannt gemacht. In keinem Fall dürfen sich die Geschäftsräume der Wandlungsstelle innerhalb der Vereinigten Staaten oder ihrer Besitzungen befinden.

15.3. Ersetzung. Die Anleiheschuldnerin wird dafür sorgen, dass stets eine Zahlstelle und eine Wandlungsstelle vorhanden sind. Die Anleiheschuldnerin kann jederzeit mit einer Frist von mindestens 30 Tagen eine andere anerkannte Bank zur Zahlstelle oder Wandlungsstelle bestellen. Die Anleiheschuldnerin ist weiterhin berechtigt, die Bestellung einer Bank zur Verwaltungsstelle zu beenden. Im Falle einer solchen Beendigung oder falls die bestellte Bank nicht mehr als Verwaltungsstelle in der jeweiligen Funktion tätig werden kann oder will, bestellt die Anleiheschuldnerin eine andere anerkannte Bank als Verwaltungsstelle in der jeweiligen Funktion. Eine solche Bestellung oder Beendigung der Bestellung ist unverzüglich gemäß § 16 oder, falls dies nicht möglich sein sollte, durch eine öffentliche Bekanntmachung in sonstiger geeigneter Weise bekannt zu machen.

15.4. Bindungswirkung von Entscheidungen. Alle Bestimmungen, Berechnungen und Anpassungen durch die Verwaltungsstellen erfolgen in Abstimmung mit der Anleiheschuldnerin und sind, soweit nicht ein offenkundiger Fehler vorliegt, in jeder Hinsicht

Sec. 15
Paying Agent; Conversion Agent

15.1. Paying Agent. The Issuer has appointed Baader Bank AG, Unterschleissheim, to act as paying agent (the "**Paying Agent**"). The Paying Agent is exempt from the restrictions of § 181 of the German Civil Code - BGB. Changes of address shall be published in accordance with Sec. 16. In no event will the specified office of the Paying Agent be within the United States or its possessions.

15.2. Conversion Agent. The Issuer has appointed Baader Bank AG, Unterschleissheim, to act as conversion agent (the "**Conversion Agent**", together with the Paying Agent the "**Agents**"). The Conversion Agent is exempt from the restrictions of § 181 of the German Civil Code - BGB. Changes of address shall be published in accordance with Sec. 16. In no event will the specified office of the Conversion Agent be within the United States or its possessions.

15.3. Substitution. The Issuer will procure that there will at all times be a Paying Agent and a Conversion Agent. The Issuer may at any time, by giving not less than 30 days' notice appoint another bank of good reputation as Paying Agent or Conversion Agent. Furthermore, the Issuer is entitled to terminate the appointment of any Agent. In the event of such termination or such bank being unable or unwilling to continue to act as Agent in the relevant capacity, the Issuer will appoint another renowned bank as Agent in the relevant capacity. Such appointment or termination will be published without undue delay in accordance with Sec. 16 or, should this not be possible, be published in another appropriate manner.

15.4. Binding Determinations. All determinations, calculations and adjustments made by any Agent will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon

endgültig und für die Anleiheschuldnerin und alle Anleihegläubiger bindend.

15.5. Erfüllungsgehilfen der Anleiheschuldnerin. Jede Verwaltungsstelle handelt in dieser Funktion ausschließlich als Erfüllungsgehilfe der Anleiheschuldnerin und steht in dieser Funktion nicht in einem Auftrags-, Treuhand- oder sonstigem Vertragsverhältnis zu den Anleihegläubigern, mit Ausnahme der in Ziffer 7.2 und § 9 geregelten Durchführung der Wandlung der Schuldverschreibungen.

§ 16
Bekanntmachungen

16.1 Alle Bekanntmachungen der Anleiheschuldnerin, welche die Schuldverschreibungen betreffen, werden durch Mitteilung an Clearstream Frankfurt zur Weiterleitung an die betreffenden Kontoinhaber von Clearstream Frankfurt gemäß den jeweils geltenden Verfahren von Clearstream Frankfurt vorgenommen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Mitteilung an Clearstream Frankfurt als den Anleihegläubigern mitgeteilt.

16.2. Die Anleiheschuldnerin wird solche Bekanntmachungen zusätzlich über eines oder mehrere elektronische Kommunikationssysteme bekannt machen.

16.3. Alle die Schuldverschreibungen betreffenden Mitteilungen werden - soweit zutreffend - unter Beachtung der dafür geltenden Bestimmungen der Börse, an der die Schuldverschreibungen notiert sind, veröffentlicht.

§ 17
Begebung weiterer Schuldverschreibungen

Die Anleiheschuldnerin behält sich vor, von Zeit zu Zeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung in der Weise zu begeben, dass sie mit den Schuldverschreibungen in einer Gattung zusammengefasst werden, eine einheitliche Anleihe mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Der Begriff "Schuldverschreibungen" umfasst im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Schuldverschreibungen. Ziffer 12.1 findet Anwendung.

the Issuer and all Noteholders.

15.5. Agents of the Issuer. Each Agent (except as provided for in Sec. 7.2 and Sec. 9 with respect to the conversion of the Notes) acting in such capacity is acting exclusively as agent of the Issuer and in such capacity does not have any relationship of agency or trust or other contract with the Noteholders.

Sec. 16
Notices

16.1. All notices by the Issuer regarding the Notes shall be made by notice to Clearstream Frankfurt for delivery to the relevant accountholders with Clearstream Frankfurt in accordance with then applicable procedures of Clearstream Frankfurt. Any such notice shall be deemed to have been given to the Noteholders on the third day on which the said notice was given to Clearstream Frankfurt

16.2. The Issuer will also publish such notices by way of one or more electronic communication systems.

16.3. All notices by the Issuer regarding the Notes shall – if applicable – be published under consideration of the provisions of the stock exchanges on which the Notes are listed.

Sec. 17
Issue of further notes

The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes with identical terms, so that the same notes shall be consolidated in the same class, form a single issue with and increase the aggregate principal amount of the Notes. The term "Notes" shall, in the event of such increase, also comprise such additionally issued notes. Sec. 12.1 shall apply.

§ 18
Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter

18.1. Änderung der Anleihebedingungen. Die Anleihebedingungen können durch die Anleiheschuldnerin mit Zustimmung der Anleihegläubiger aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. SchVG in seiner jeweiligen gültigen Fassung geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen, mit den in der nachstehenden Ziffer 18.2 genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

18.2. Qualifizierte Mehrheit. Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Abs. 3 Nummern 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**").

18.3. Beschlussfassung. Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach Ziffer 18. 3 (a) oder im Wege der Abstimmung ohne Versammlung nach Ziffer 18.3 (b) getroffen.

(a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Gläubigerversammlung nach Maßgabe von § 9 SchVG verlangen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der

Sec. 18
Amendments to the Terms and Conditions by resolution of the Noteholders; Joint Representative

18.1. Amendments to the Terms and Conditions. The Issuer may amend the Terms and Conditions with consent by a majority resolution of the Noteholders pursuant to § 5 et seq. of the German Act on Issues of Debt Securities - SchVG, as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 (3) of the German Act on Issues of Debt Securities - SchVG, by resolutions passed by such majority of the votes of the Noteholders as stated under Sec. 18.2 below. A duly passed majority resolution shall be binding upon all Noteholders.

18.2. Qualified Majority. Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 (3) numbers 1 through 9 of the German Act on Issues of Debt Securities - SchVG, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a "**Qualified Majority**").

18.3. Passing of Resolutions. Resolutions of the Noteholders shall be made either in a Noteholders' meeting in accordance with Sec. 18.3 (a) or by means of a vote without meeting in accordance with Sec. 18.3 (b).

(a) Resolutions of the Noteholders in a Noteholders' meeting shall be made in accordance with § 9 et seq. of the German Act on Issues of Debt Securities - SchVG. Noteholders holding Notes in the total amount of 5% of the outstanding principal amount of the Notes may request, in writing, to convene a Noteholders' meeting pursuant to § 9 of the German Act on Issues of Debt Securities - SchVG. The convening notice of a Noteholders' meeting will provide the further details

Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Kalendertag vor der Gläubigerversammlung zugehen.

relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders in the agenda of the meeting. The attendance at the Noteholders' meeting or the exercise of voting rights requires a registration of the Noteholders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Noteholders' meeting.

(b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG verlangen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

(b) Resolutions of the Noteholders by means of a vote without meeting shall be made in accordance with § 18 of the German Act on Issues of Debt Securities - SchVG. Noteholders holding Notes in the total amount of 5% of the outstanding principal amount of the Notes may request, in writing, the holding of a vote without a meeting pursuant to § 9 in connection with § 18 of the German Act on Issues of Debt Securities - SchVG. The request for voting as submitted by the chairman will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to Noteholders together with the request for voting.

18.4. **Nachweise.** Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß Ziffer 19.5 und die Vorlage eines Sperrvermerks der Depotbank für den Zeitraum vom Tag der Ausstellung bis zum Ende des Tages der Gläubigerversammlung bzw. bis zum Ende des Abstimmungszeitraums der Abstimmung ohne Versammlung nachzuweisen.

18.4. **Proof of Eligibility.** Noteholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the depositary bank in accordance with Sec. 19.5 hereof and by submission of a blocking instruction by the depositary bank for the period from the date of issuance until the end of the day of the Noteholders' meeting or until the end of the voting period of the vote without meeting.

18.5. **Gemeinsamer Vertreter.** Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung

18.5. **Joint Representative.** The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative.

der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß Ziffer 18.2 zuzustimmen.

The appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is authorised to consent, in accordance with Sec. 18.2 hereof, to a material change in the substance of the Terms and Conditions.

18.6. Bekanntmachungen. Bekanntmachungen betreffend diesen § 18 erfolgen gemäß den §§ 5 ff. SchVG sowie nach § 16, wobei die Fiktion gemäß Ziffer 16.1 Satz 2 die Einberufungsfrist zur Gläubigerversammlungen nicht verlängert.

18.6. Notices. Any notices concerning this Sec. 19 shall be made in accordance with §§ 5 et seq. of the German Act on Issues of Debt Securities – SchVG and Sec. 16; whereat the fiction pursuant to Sec. 16.1 sentence 2 shall not extend the notice period of Noteholders' meetings.

§ 19
Verschiedenes

Sec. 19
Miscellaneous

19.1. Anwendbares Recht. Form und Inhalt der Schuldverschreibungen sowie sämtliche sich aus diesen Anleihebedingungen ergebenden Rechte und Pflichten der Anleihegläubiger und der Anleiheschuldnerin bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.

19.1. Governing Law. The Notes, with regard to both form and content, as well as all rights and obligations arising from these Terms and Conditions for the Noteholders and the Issuer shall in all respects be governed by the laws of the Federal Republic of Germany.

19.2. Erfüllungsort. Erfüllungsort ist Ladenburg, Bundesrepublik Deutschland.

19.2. Place of Performance. Place of performance shall be Ladenburg, Federal Republic of Germany.

19.3. Gerichtsstand. Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit rechtlich zulässig, und vorbehaltlich § 9 Abs. 2 bzw. § 20 Abs. 3 SchVG Heidelberg, Deutschland.

19.3. Place of Jurisdiction. Subject to Sec. 19.4 the place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions shall, to the extent legally permitted, be Heidelberg, Germany.

19.4. Geltendmachung von Ansprüchen. Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Anleiheschuldnerin oder in Rechtsstreitigkeiten, an denen der Anleihegläubiger und die Anleiheschuldnerin beteiligt sind, im eigenen Namen seine Rechte aus den von ihm gehaltenen Schuldverschreibungen geltend machen unter Vorlage einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers enthält, sowie (ii) den Gesamtnennbetrag der Schuldverschreibungen angibt, die am Tag der Ausstellung dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot des Anleihegläubigers gutgeschrieben sind. Im Sinne der vorstehenden Bestimmungen ist "**Depotbank**" ein Bank- oder sonstiges Finanzinstitut (einschließlich Clearstream

19.4. Enforcement of claims. Any Noteholder may in any proceedings against the Issuer or to which the Noteholder and the Issuer are parties protect and enforce in its own name its rights arising under its Notes by submitting the following documents: a certificate issued by its Depository Bank (i) stating the full name and address of the Noteholder, as well as (ii) specifying an aggregate principal amount of Notes credited on the date of such statement to such Noteholders' securities deposit account maintained with such Depository Bank. For purposes of the foregoing, "**Depository Bank**" means any bank or other financial institution authorised to engage insecurities deposit business with which the Noteholder maintains a securities deposit account in respect of any Notes, and includes Clearstream Frankfurt,

Frankfurt, Clearstream Luxemburg und Euroclear), das eine Genehmigung für das Wertpapier-Depotgeschäft hat und bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt.

Clearstream Luxembourg and Euroclear.

19.5. Vorlegungsfrist. Die in § 801 Abs. 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen in Bezug auf Kapital auf zehn Jahre verkürzt. Die Vorlegungsfrist für die Schuldverschreibungen in Bezug auf Zinsen beträgt vier Jahre und beginnt mit dem Datum, an dem die jeweilige Zinszahlung erstmals fällig und zahlbar wird.

19.5. Term for Presentation. The term for presentation of the Notes with respect to principal as set forth in § 801 (1) sentence 1 of the German Civil Code - BGB shall be reduced to ten years. The term for presentation of the Notes with respect to interest shall be four years after the date on which payment thereof first becomes due and payable.

§ 20
Teilunwirksamkeit

Sollten einzelne Bestimmungen dieser Anleihebedingungen ganz oder teilweise unwirksam oder nicht durchsetzbar sein oder unwirksam oder nicht durchsetzbar werden, so wird hierdurch die Wirksamkeit oder die Durchsetzbarkeit der übrigen Bestimmungen nicht berührt. Anstelle der unwirksamen bzw. nicht durchsetzbaren Bestimmung soll, soweit rechtlich möglich, eine dem Sinn und wirtschaftlichen Zweck dieser Anleihebedingungen zum Zeitpunkt der Begebung der Schuldverschreibungen entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Anleihebedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Anleihebedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.

Sec. 20
Severability

Should any of the provisions of these Terms and Conditions be or become invalid or unenforceable in whole or in part, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid or unenforceable provision shall be replaced by a provision which, to the extent legally possible, provides for an interpretation in keeping with the meaning and the economic purposes of the Terms and Conditions at the time of the issue of the Notes. Under circumstances in which these Terms and Conditions prove to be in complete, a supplementary interpretation in accordance with the meaning and the purposes of these Terms and Conditions under due considerations of the legitimate interest of the parties involved shall be applied.

§ 21
Sprache

Der deutsche Wortlaut dieser Anleihebedingungen ist allein rechtsverbindlich. Der englische Text ist eine Übersetzung.

Sec. 21
Language

The German text of these Terms and Conditions is the only legally binding one. The English text is a translation.

FINANCIAL INFORMATION

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Consolidated IFRS interim financial statements of WILEX AG, Ladenburg, Germany, for the period from 1 December 2016 to 31 August 2017

Consolidated statement of comprehensive income

in EUR	9M 2017	9M 2016
Sales revenue	1,392,594	1,103,741
Other income	235,205	1,169,237
Income	**1,627,798**	**2,272,979**
Cost of sales	(576,621)	(541,582)
Research and development costs	(6,407,359)	(4,281,764)
Administrative costs	(1,985,909)	(1,387,814)
Other expenses	(109,169)	(173,780)
Operating expenses	**(9,079,059)**	**(6,384,940)**
OPERATING RESULT	**(7,451,261)**	**(4,111,962)**
Finance income	0	1,034
Finance costs	(167,850)	(1,691)
Financial result	**(167,850)**	**(657)**
EARNINGS BEFORE TAX	**(7,619,111)**	**(4,112,619)**
Income taxes	0	(9,434)
NET LOSS FOR THE PERIOD	**(7,619,111)**	**(4,122,053)**
Net currency gain/loss from consolidation	0	0
OTHER COMPREHENSIVE INCOME	**0**	**0**
COMPREHENSIVE INCOME	**(7,619,111)**	**(4,122,053)**
Earnings per share in EUR (basic/diluted	**(0.55)**	**(0.35)**

Consolidated balance sheet as of 31 August 2017

in EUR	31 Aug. 2017	30 Nov. 2016
Property, plant and equipment	1,289,767	1,266,847
Intangible assets	2,823,083	2,842,216
Goodwill	6,111,166	6,111,166
Other non-current assets	51,278	31,350
Non-current assets	**10,275,294**	**10,251,579**
Inventories	177,437	190,238
Prepayments	25,214	41,888
Trade receivables	125,530	91,343
Other receivables	17,787	92,042
Cash and cash equivalents	4,490,755	4,574,382
Current assets	**4,836,722**	**4,989,984**
TOTAL ASSETS	**15,112,017**	**15,241,473**
Subscribed capital	14,968,380	12,927,564
Capital reserve	194,107,396	191,076,991
Accumulated losses	(201,867,435)	(194,248,324)
Equity	**7,208,341**	**9,756,231**
Pension obligations	7,130	7,130
Non-current liabilities	**7,130**	**7,130**
Trade payables	660,748	132,063
Provisions	408,201	408,201
Other current liabilities	2,948,396	1,189,819
Financial liabilities	3,879,200	3,748,028
Current liabilities	**7,896,545**	**5,478,112**
TOTAL EQUITY AND LIABILITIES	**15,112,017**	**15,241,473**

Consolidated cash flow statement according to IFRSs

in EUR	9M 2017	9M 2016
NET LOSS FOR THE PERIOD	**(7,619,111)**	**(4,122,053)**
Adjustment for items in the statement of comprehensive income		
Stock options	96,244	46,173
Depreciation, amortization and impairment losses	329,081	251,026
Exchange rate effects	20,979	0
Finance costs	36,678	4,497*
Finance income	0	(1,034)
Tax expense	0	9,434
	482,982	**310,097***
Changes in balance sheet items		
Inventories	12,802	23,660
Trade receivables	(77,250)	305,876*
Other receivables	74,255	(13.925)*
Prepayments	16,674	(26,632)
Other non-current assets	(19,928)	38,630
Trade payables	528,685	31,121
Financial liabilities	131,172	0
Provisions	0	(60,326)
Other liabilities	1,801,641	(646,676)*
	2,468,050	**(348,272)***
Cash flow from operating activities	**(4,668,079)**	**(4,160,228)**
Finance costs paid	(36,679)	(1,742)
Finance income received	0	374
Net cash flow from operating activities	**(4,704,757)**	**(4,161,597)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(323,017)	(450,166)
Purchase of intangible assets	(9,850)	0
Net cash flow from investing activities	**(332,867)**	**(450,166)**
Cash flow from financing activities		
Proceeds from the capital increase	4,999,999	6,664,399
Costs of the capital increase	(25,022)	(77,458)
Repayment of finance leases	0	0
Net cash flow from financing activities	**4,974,977**	**6,586,942**
Influence of exchange rate and other effects on cash and cash equivalents	(20,979)	(11,529)
Net change in cash and cash equivalents	**(83,627)**	**1,963,650**
Cash and cash equivalents		
at beginning of period	**4,574,382**	**1,305,697**
at end of period	**4,490,755**	**3,269,347**

*revised

WILEX
Focused Cancer Therapies

Consolidated statement of changes in equity

in EUR	Shares	Subscribed capital	Capital reserve		Accumulated losses	Total
			Corporate actions/premium, other	Measurement of stock options		
			184,572,037	3,461,803		
As of 1 December 2015	**9,305,608**	**9,305,608**	**188,033,840**		**(187,859,290)**	**9,480,158**
Measurement of stock options				46,173		46,173
Net loss for the period					(4,122,053)	(4,122,053)
Capital increases after accounting for capital procurement costs	3,621,956	3,621,956	2,964,986			6,586,942
Net change in equity						2,511,062
			187,537,023	**3,507,976**		
As of 31 August 2016	**12,927,564**	**12,927,564**	**191,044,998**		**(191,981,343)**	**11,991,219**

in EUR	Shares	Subscribed capital	Capital reserve		Accumulated losses	Total
			Corporate actions/premium other	Measurement of stock options		
			187,537,023	3,539,969		
As of 1 December 2016	**12,927,564**	**12,927,564**	**191,076,991**		**(194,248,324)**	**9,756,231**
Measurement of stock options				96,244		96,244
Net loss for the period					(7,619,111)	(7,619,111)
Capital increases after accounting for capital procurement costs	2,040,816	2,040,816	2,934,161			4,974,977
Net change in equity						(2,547,890)
			190,471,183	**3,636,213**		
As of 31 August 2017	**14,968,380**	**14,968,380**	**194,107,396**		**(201,867,435)**	**7,208,341**

Heidelberg Pharma AG: Supplementary notes to the unaudited interim consolidated financial statement as of and for the first nine months of the fiscal year 2017, ended 31 August 2017

Selected Notes

A - General disclosures

The interim consolidated financial statements as of and for the first nine months of fiscal year 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed and adopted by the European Union, specifically in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (IASB) and in compliance with the Interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

This interim consolidated financial statement was prepared in accordance with the same accounting policies as the consolidated financial statements as of 30 November 2016. The interim consolidated financial statements include the Group’s parent, Heidelberg Pharma AG, Ladenburg, Germany, as well as its subsidiary Heidelberg Pharma Research GmbH, Ladenburg, Germany – jointly, the “Group”.

The Company’s results of operations, financial position and net assets, as well as key items in these financial statements, are explained in detail in the interim management report. The Company's business activities are not subject to seasonal or macroeconomic influences. These interim financial statements are abbreviated, do not include all the information and disclosures required for consolidated financial statements as of the end of a fiscal year, and should be read in the context of the IFRS consolidated financial statements as of 30 November 2016 published for the 2016 fiscal year.

They were not subjected to a review by an auditor. Pursuant to the Company’s Declaration of Conformity issued in February 2017 concerning Section 7.1.2 of the German Corporate Governance Code, both the interim financial statements and the interim management report for the Group were made available to the Supervisory Board’s Audit Committee before being published. This interim report was approved for publication by the Executive Management Board of Heidelberg Pharma AG on 9 October 2017.

B – Change in equity

A capital increase was carried out in the reporting period and entered in the Commercial Register in May 2017.

It raised the number of no par value shares issued by 2,040,816, bringing the total volume of no par value bearer shares to 14,968,380 (previously 12,927,564). Correspondingly, the share capital of Heidelberg Pharma AG amounted to EUR 14,968,380 on 31 August 2017.

The equity of the Heidelberg Pharma Group at the end of the reporting period was EUR 10.5 m (30 November 2016: EUR 9.7 m). Capital reserves were EUR 194.1 m (30 November 2016: EUR 191.1 m) and accumulated losses since Heidelberg Pharma's formation totaled EUR 201.9 m (30 November 2016: EUR 194.3 m). The equity ratio of the Heidelberg Pharma Group was 47.7% (30 November 2016: 64.0%).

C - Issue and measurement of stock options

Similar to the approach described in the Annual Report as of 30 November 2016, Heidelberg Pharma's obligation resulting from the issuance of options under the 2005 and 2011 Stock Option Plans were reported pursuant to IFRS 2 in the reporting period just ended. The estimated number of options expected to become exercisable is reviewed at each reporting date. The effects of any adjustments to be considered regarding initial estimates are recognized in the statement of comprehensive income as well as by adjusting equity accordingly.

The measurement of the stock options in the first nine months of the 2017 fiscal year included staff costs of EUR 96 k.

As of the 31 August reporting date, no stock options had been issued or exercised during the 2017 fiscal year. Additionally, no stock options were returned as a result of Executive Management Board members and/or employees leaving the Company.

Heidelberg Pharma has issued a total of 1,847,157 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 Stock Option Plans, of which 835,631 options (487,500 for current or former Executive Management Board members and 348,131 for current or former employees) were outstanding as of the end of the reporting period.

A total of 47,200 options of the Executive Management Board and 30,605 options of employees vested in the first nine months of the fiscal year.

D - Related party transactions

During the reporting period, the Company's executives reported the following transactions subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz) (Directors' dealings):

Name	Date	Transaction	Marketplace	Price in €	Number	Volume in €
Curacyte GmbH i.L.[1]	19 Dec. 2016	Sale	OTC	1.84	574,324	1,056,756.16
dievini Hopp BioTech holding GmbH & Co. KG[2]	19 Dec. 2016	Purchase	OTC	1.84	574,324	1,056,756.16
Dr. Georg F. Baur (Supervisory Board member)	18 May 2017	Purchase	OTC	2.45	4,263	10,444.35
Professor Andreas Pahl	22 May 2017	Purchase	OTC	2.45	10,186	24,955.70

dievini Hopp BioTech holding GmbH & Co. KG[2]	06 July 2017	Purchase	OTC	2.45	1,121,934	2,748,738.30
dievini Hopp BioTech holding GmbH & Co. KG[2]	06 July 2017	Purchase	OTC	2.45	688,267	1,686,254.15
NewMarket Venture Verwaltungs GmbH[3]	06 July 2017	Purchase	OTC	2.45	5,337	13,075.65
NewMarket Venture Verwaltungs GmbH[3]	06 July 2017	Purchase	OTC	2.45	1,000	2,450.00
Dr. Jan Schmidt-Brand (Vorstand)	07 July 2017	Purchase	OTC	2.45	7,173	17,573.85

[1] Supervisory Board member Dr. Mathias Hothum has management responsibilities at Curacyte GmbH i.L., which was a shareholder of Heidelberg Pharma AG.
[2] The Supervisory Board members Professor Christof Hettich, Professor Friedrich von Bohlen und Halbach and Dr. Mathias Hothum have management responsibilities at dievini Hopp BioTech holding GmbH & Co. KG, which is a shareholder of Heidelberg Pharma AG.
[3] Supervisory Board member Professor Christof Hettich has management responsibilities at NewMarket Venture Verwaltungs GmbH, which is a shareholder of Heidelberg Pharma AG.

The Rittershaus law firm provided legal consulting services for Heidelberg Pharma AG of approximately EUR 13 k during the reporting period. Rittershaus is a related party because the Chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

There were no other related party transactions during the reporting period.

E - Key events after the interim reporting period (report on post-balance sheet date events)

There are currently no significant events to report.

THE COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU ("IFRS") AS OF AND FOR THE FISCAL YEAR ENDED 30 NOVEMBER 2016 AND AUDIT OPINION

Consolidated statement of comprehensive income (IFRS)

for the fiscal year from 1 December 2015 to 30 November 2016

	Note	2016 €	2015 €
Sales revenue	21	1,362,137	2,283,864
Other income	22	1,381,320	1,637,574
Income		**2,743,458**	**3,921,438**
Cost of sales	23	(809,061)	(1,139,865)
Research and development costs	23	(6,119,032)	(4,444,590)
Administrative costs	23	(1,954,236)	(4,512,150)
Other expenses	23	(222,159)	(341,337)
Operating expenses		**(9,104,488)**	**(10,437,941)**
Operating result		**(6,361,030)**	**(6,516,503)**
Finance income	26	1,161	3,166
Finance costs	26	(19,719)	(545)
Financial result	**26**	**(18,559)**	**2,621**
Earnings before tax		**(6,379,589)**	**(6,513,881)**
Income tax	27	(9,445)	(37,736)
Net loss for the year		**(6,389,034)**	**(6,551,617)**
Comprehensive income		**(6,389,034)**	**(6,551,617)**
Earnings per share	28		
Basic and diluted earnings per share		(0.53)	(0.75)
Average number of shares issued		11,980,894	8,776,087

Rounding of exact figures may result in differences.

Consolidated balance sheet (IFRS)

for the fiscal year as of 30 November 2016

Assets	Note	30 Nov. 2016 €	30 Nov. 2015 €
Property, plant and equipment	9	1,266,847	985,053
Intangible assets	10	2,842,216	2,867,070
Goodwill	10	6,111,166	6,111,166
Other non-current assets	11	31,350	69,980
Non-current assets		**10,251,579**	**10,033,268**
Inventories	12	190,238	279,168
Prepayments	13	41,888	22,451
Trade receivables	14	91,343	366,749
Other receivables	14	92,042	94,604
Cash and cash equivalents	15	4,574,382	1,305,697
Current assets		**4,989,894**	**2,068,669**
Total assets		**15,241,473**	**12,101,937**

Equity and liabilities	Note	30 Nov. 2016 €	30 Nov. 2015 €
Subscribed capital	16	12,927,564	9,305,608
Capital reserve	16	191,076,991	188,033,840
Accumulated losses	16	(194,248,324)	(187,859,290)
Equity	16	**9,756,231**	**9,480,158**
Pension obligations	17	7,130	5,210
Non-current liabilities		**7,130**	**5,210**
Trade payables	18	132,063	279,205
Provisions	18	408,201	468,528
Other current liabilities	18	1,189,819	1,868,837
Financial liabilities	19	3,748,028	0
Current liabilities		**5,478,112**	**2,616,569**
Total equity and liabilities		**15,241,473**	**12,101,937**

Rounding of exact figures may result in differences.

Consolidated statement of changes in equity (IFRS)

for the fiscal year from 1 December 2015 to 30 November 2016

	Note	Shares	Subscribed capital €	Capital reserve: Corporate actions/ premium €	Capital reserve: Stock options €	Accumulated losses €	Total €
				181,949,202	3,415,635		
As of 1 December 2014		**7,818,876**	**7,818,876**	**185,364,837**		**(181,307,673)**	**11,876,040**
Stock options	24				46,168		46,168
Net loss for the year						(6,551,617)	(6,551,617)
Capital increase after accounting for capital procurement costs		1,486,732	1,486,732	2,622,835			4,109,567
Net change in equity							**(2,395,883)**
				184,572,037	3,461,803		
As of 30 November 2015	**16**	**9,305,608**	**9,305,608**	**188,033,840**		**(187,859,290)**	**9,480,158**
				184,572,037	3,461,803		
As of 1 December 2015		**9,305,608**	**9,305,608**	**188,033,840**		**(187,859,290)**	**9,480,158**
Stock options	24				78,166		78,166
Net loss for the year						(6,389,034)	(6,389,034)
Capital increase after accounting for capital procurement costs		3,621,956	3,621,956	2,964,986			6,586,942
Net change in equity							**276,074**
				187,537,023	3,539,969		
As of 30 November 2016	**16**	**12,927,564**	**12,927,564**	**191,076,991**		**(194,248,324)**	**9,756,231**

Rounding of exact figures may result in differences.

Consolidated cash flow statement (IFRS)

for the fiscal year from 1 December 2015 to 30 November 2016

	Note	2016 €	2015 €
Net loss for the year		**(6,389,034)**	**(6,551,617)**
Adjustment for items in the statement of comprehensive income			
Stock options	24	78,166	46,168
Depreciation, amortization and impairment losses	23	279,887	311,586
Measurement item not relevant for cash flow		0	2,324,002
Finance costs	26	19,770	545
Finance income	26	(1,212)	(3,166)
Tax expense	27	9,445	37,736
		386,057	**2,716,871**
Changes in balance sheet items			
Inventories	12	88,930	(89,458)
Trade receivables	14	355,005	(225,049)
Other receivables	14	(739,688)	(1,432,379)
Prepayments	13	(19,437)	51,883
Financial assets		0	1,777,083
Other non-current assets	11	38,630	(1,689,418)
Trade payables	18	(147,141)	1,710
Provisions	18	(26,967)	(261,981)
Other liabilities	18	(80,709)	905,221
		(531,378)	**(962,388)**
Cash flow from operating activities		**(6,534,355)**	**(4,797,135)**
Finance costs paid	26	(1,741)	(690)
Finance income received	26	1,212	1,783
Net cash flow from operating activities		**(6,534,884)**	**(4,796,042)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(523,613)	(199,101)
Purchase of intangible assets	10	(14,256)	(7,924)
Net cash flow from investing activities		**(537,869)**	**(207,026)**
Cash flow from financing activities			
Change in shareholder loan	19	3,748,028	0
Proceeds from capital increases	16	6,664,399	4,162,850
Capital increase costs	16	(77,458)	(37,077)
Repayment of finance leases	29	0	(23,865)
Net cash flow from financing activities		**10,334,970**	**4,101,907**
Influence of foreign exchange effects on cash and cash equivalents		6,468	10,048
Net change in cash and cash equivalents		**3,268,685**	**(891,111)**
Cash and cash equivalents			
at beginning of period	15	1,305,697	2,196,808
at end of period	15	4,574,382	1,305,697

Rounding of exact figures may result in differences.

Consolidated notes according to IFRSs of the WILEX Group, Munich

for the financial year from 1 December 2015 to 30 November 2016

1 Business and the Company

WILEX was established in 1997 in Munich, Germany, as WILEX Biotechnology GmbH by a team of physicians and oncologists at the Technical University of Munich.

In accordance with the shareholders' resolution of 14 December 2000, amended on 28 February 2001, the Company changed its legal form to become a stock corporation called WILEX AG. The change of name was entered into the commercial register at the district court in Munich on 9 April 2001, under registration number HRB 136670. The Company's registered office is Grillparzerstrasse 18, 81675 Munich, Germany. Since 13 November 2006, the shares of WILEX AG have been listed in the Regulated Market/Prime Standard of the Frankfurt/Main stock exchange using the symbol WL6 (securities identification number A11QVV / ISIN DE000A11QVV0.

"WILEX" will be used as a synonym for the Group hereinafter. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or the subsidiary Heidelberg Pharma GmbH, Ladenburg, Germany are reported.

WILEX AG is a biopharmaceutical company based in Munich, Germany, that acts as a holding company and Group parent.

R&D activities are focused on the operations of WILEX's subsidiary Heidelberg Pharma in Ladenburg, which refines and markets a proprietary novel technology platform for therapeutic antibody drug conjugates (ADCs) and offers preclinical services. Heidelberg Pharma is the first company to utilize and develop the compound Amanitin for cancer therapies. It uses the toxin's unique biological mode of action as a new therapeutic principle, employing its ATAC (**A**ntibody **T**argeted **A**manitin **C**onjugates) technology platform for this purpose. The objective is to produce, research and develop selected proprietary therapeutic antibody drug conjugates as well as a large number of ATAC candidates in collaborations with external partners.

WILEX's clinical product candidates MESUPRON® (2014) and REDECTANE® (2017, see note 33.1) have been out-licensed; RENCAREX® is available for out-licensing and further development.

1.1 Consolidated company

Heidelberg Pharma GmbH

On 3 November 2010, WILEX AG signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG regarding the acquisition of all shares in Heidelberg Pharma AG in return for WILEX shares. Following the Extraordinary General Meeting's approval on 15 December 2010 and the recording of the capital increase in the Commercial Register on 17 March 2011, WILEX AG acquired all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for 3,200,000 new WILEX shares subject to the exclusion of shareholders' subscription rights.

Upon recording in the Commercial Register on 17 March 2011 ("acquisition date"), Heidelberg Pharma AG became a wholly-owned subsidiary of WILEX AG and thus an integral part of the WILEX Group. Heidelberg Pharma completed the change in its legal structure from an AG (German stock corporation) to a GmbH (German limited liability company) as of 1 December 2011.

2 Application of new and revised standards

2.1 New and revised standards and interpretations

First-time application of the following standards and interpretations was mandatory in the past fiscal year beginning on 1 December 2015: All of the amendments listed had either no or just minor effects on the fiscal year just ended or the previous fiscal year.

Amendments to IAS 19: Employee Benefits (EU effective date: 1 February 2015)

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed as well as permits relief if the amount of the contributions is independent of the number of years of service.

Annual Improvements 2010 - 2012 (effective date: 1 February 2015); 2011 - 2013 (effective date: 1 January 2015)

Amendments and clarifications to various IFRSs.

2.2 New and revised standards and interpretations whose application in the consolidated financial statements was voluntary or who were not yet applicable

Application of the following interpretations and standards was voluntary or not yet required as of 1 December 2015. These interpretations and standards were not yet applied by WILEX in the past fiscal year. All of the new and amended standards and interpretations listed would have had either no or just minor effects on the fiscal year just ended or the previous fiscal year.

2.2.1 New and revised standards and interpretations adopted by the EU

Amendments to IFRS 11: Joint Arrangements (effective date: 1 January 2016)

An acquirer of interests in joint operations constituting a business as defined in IFRS 3 must apply all of the principles for accounting for business combinations in IFRS 3 and other IFRSs as long as these do not contradict the guidance in IFRS 11.

IAS 16: Property, Plant and Equipment / IAS 38: Intangible Assets (effective date: 1 January 2016)

These amendments provide guidelines indicating the possible methods of depreciation of property, plant, and equipment and amortization of intangible assets, particularly with regard to revenue-based methods.

Amendments to IAS 16: Property, Plant and Equipment / IAS 41: Agriculture (effective date: 1 January 2016)

With these amendments, bearer plants that no longer undergo significant biological transformation are brought within the purview of IAS 16 so that they can be accounted for in the same way as property, plant, and equipment.

Amendments to IAS 27: Separate Financial Statements (effective date: 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Annual Improvements 2012 – 2014 (effective date: 1 January 2016)

Amendments and clarifications to various IFRSs.

Amendments to IAS 1: Presentation of Financial Statements (effective date: 1 January 2016)

The amendments aim to remove impediments to preparers in exercising their judgment in presenting financial statements.

Amendments to IFRS 10: Consolidated Financial Statements / IFRS 12: Disclosures of Interests in Other Entities / IAS 28: Investments in Associates and Joint Ventures: Investment Entities — Applying the Consolidation Exception (effective date: 1 January 2016)

The amendments address circumstances that have arisen in connection with application of the consolidation exception for investment entities.

New standard IFRS 15: Revenue from Contracts with Customers (effective date: 1 January 2018)

This standard governs the time when and amount in which revenue must be recognized. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. IFRS 15 is mandatory for all IFRS adopters and applies to nearly all contracts with customers — the major exceptions are leases, financial instruments and insurance contracts.

This also includes clarifications of the standard that will also be applied from 1 January 2018.

New standard IFRS 9: Financial Instruments (effective date: 1 January 2018)

This standard provides comprehensive guidance on accounting for financial instruments. The new and revised classification rules for financial assets in the latest version of IFRS 9 constitute the primary changes from the predecessor standard IAS 39. These are based on the type of business model and contractual cash flows associated with the financial assets. Also, completely new are the rules regarding the recognition of credit losses, which are now based on an expected loss model. Accounting for hedges was also reformed in IFRS 9 and aims to more accurately reflect risk management activity.

2.2.2 New and revised standards and interpretations that have been approved by the IASB, but have not yet been adopted by the EU

New standard IFRS 14: Regulatory Deferral Accounts (effective date: 1 January 2016)

IFRS 14 Regulatory Deferral Accounts permits entities that are first-time adopters of IFRSs to continue to recognize, with certain restrictions, regulatory deferral account balances in their financial statements in accordance with their previous accounting principles. This applies to both the initial financial statements according to IFRSs and subsequent financial statements. Regulatory deferral accounts, and movements in them, must be reported separately in the statement of financial position and income statement or in other comprehensive income. In addition, certain disclosures are required.

Amendments to IAS 12: Income taxes (EU effective date: 1 January 2017)

The amendment entitled *Recognition of deferred tax assets for unrealized losses* clarifies several issues.

Amendments to IAS 7: Statement of Cash Flows (EU effective date: 1 January 2017)

The amendments in *Disclosure Initiative* (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements 2014 – 2016 (effective date: 1 January 2017 and 1 January 2018)

Amendments and clarifications to various IFRSs.

Amendments to IFRS 2: Share-based payment (EU effective date: 1 January 2018)

These amendments clarify issues relating to the classification and measurement of share-based payment transactions such as:

- accounting for cash-settled share-based payment transactions that include a performance condition,
- classification of share-based payments settled net of tax withholdings, and
- accounting for modification of share-based payment transactions from cash-settled to equity-settled.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (EU effective date: 1 January 2018)

The amendments provide entities that issue insurance contracts within the scope of IFRS 4 with two options:

One option permits entities to reclassify some of the income or expenses arising from designated financial assets from profit or loss to other comprehensive income. This is known as the "overlay approach."

The other option provides a temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4. This is known as the "deferral approach."

Entities apply the overlay approach retroactively to qualifying financial assets upon first-time application of IFRS 9. The deferral approach would be applied for annual periods beginning on or after 1 January 2018. The application of both approaches is optional, and entities are permitted to stop applying them before the new standard on insurance contracts is issued.

New interpretation IFRIC 22: Foreign Currency Transactions and Advance Consideration (EU effective date: 1 January 2018)

The Interpretations Committee reached the following conclusions:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or non-monetary deferred income liability.
- If there are multiple payments or receipts in advance, a transaction date is established for each payment and each receipt.

Amendments to IAS 40: Investment Property (effective date: 1 January 2018)

- Paragraph 57 was amended to clarify that an entity can only transfer a property to or from investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property does not of itself constitute evidence of a change in use.
- The list of evidence in paragraph 57(a) – (d) was specified as a non-exhaustive list of examples instead of the previous exhaustive list.

Amendments to IFRS 15: Revenue from Contracts with Customers (effective date: 1 January 2018)

The clarifications do not include changes in the standard's basic principles; they provide clarifications and additional transitional relief only.

New standard IFRS 16: Leases (effective date: 1 January 2019)

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. For lessors, the rules in IAS 17 "Leases" remain largely in effect. Going forward lessors will continue to distinguish between finance and operating leases with different accounting treatments for each.

Amendments to IFRS 10 and IAS 28) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date: postponed indefinitely)

The amendments address a conflict between the requirements in IAS 28 Investments in Associates and Joint Ventures and those in IFRS 10 Consolidated Financial Statements.

3 Key accounting policies

The significant accounting policies applied are explained below.

3.1 Statement of conformity

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). Moreover, the supplementary provisions of Section 315a German Commercial Code (HGB) were applied.

3.2 Basis for preparation of the consolidated financial statements

The reporting period begins on 1 December 2015 and ends on 30 November 2016. It is referred to hereafter as the "2016 fiscal year" ("2015 fiscal year" for the previous period).

A comprehensive, multi-stage financing strategy that involved several transactions was approved at the end of November 2015. WILEX's main shareholder dievini supported this strategy with a financing commitment of €10 million. During the reporting period, three capital increases were implemented with the help of this financing commitment, and a shareholder loan was extended to WILEX.

The first two transactions were completed in December 2015 and entered in the Commercial Register on 11 December 2015. The share capital was increased by 10% by way of a private placement excluding the other shareholders' subscription rights. Main shareholder dievini acquired all 930,560 new no par value bearer shares from authorized capital at an issue price of €1.84, raising the share capital from €9,305,608 to €10,236,168.

A capital increase using authorized capital including subscription rights of all shareholders was subsequently implemented. WILEX AG shareholders acquired all 443,124 new shares by exercising their subscription and additional subscription rights at a subscription price of €1.84 per share. dievini exercised all of its subscription rights and also subscribed shares as part of the additional subscription. Accordingly, this second capital increase lifted the Company's share capital from €10,236,168 to €10,679,292.

In a third capital increase that was completed in April 2016 and entered in the Commercial Register on 27 April 2016, 2,248,272 shares were made available for subscription and additional subscription by means of a capital increase from authorized capital. By the end of

the subscription period on 22 April 2016, the shareholders had subscribed 1,074,845 new shares at a price of €1.84 per share. The 1,173,427 unsubscribed new shares were taken over by dievini by way of a private placement at the same price of €1.84. After the implementation of the capital increase was entered in the Commercial Register, the Company's share capital increased from €10,679,292 to €12,927,564.

In October 2016, a subordinated loan agreement was signed with the main shareholder dievini for a total amount of €3.7 million, which was paid out at the beginning of November. The amount of the loan granted by dievini corresponds to the remaining amount of the financing commitment from November 2015 of €10 million.

However, as of the 30 November 2016 reporting date, WILEX's cash and cash equivalents without additional measures were not sufficient to cover the Group's financing requirements for the next twelve months. Cash and cash equivalents as of this date would not have lasted beyond the end of the second quarter of 2017. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

After the end of the fiscal year, the main shareholder dievini made a commitment to the Company in February 2017 to provide cash of up to €10 million. The details of the financing will be decided by the Executive Management Board and the Supervisory Board of WILEX AG with dievini at a later date. This commitment and the cash on hand secure a cash reach until the end of the second quarter of 2018 based on Group-wide financial and liquidity planning, and therefore the Company's continued financial existence.

Description of future measures

By the Executive Management Board's estimate, the cash currently on hand and the planned inflow of cash supported by dievini's financing commitment are expected to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. Against this backdrop, the value of all assets, especially intangible assets and goodwill, is recoverable. At this time, WILEX expects its cash to be sufficient until the end of second quarter of 2018.

The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis in accordance with IAS 1.25. At the time the financial statements were being prepared it could be assumed that the Company would continue to operate as a going concern over the next twelve months.

In accordance with Section 325 (3) German Commercial Code, WILEX publishes these IFRS consolidated financial statements in the Federal Gazette (Bundesanzeiger). These consolidated financial statements exempt the Company from preparing consolidated financial statements in accordance with the German Commercial Code.

These consolidated financial statements were prepared by the Executive Management Board on 27 March 2017 and released for publication in accordance with IAS 10. The consolidated financial statements are to be approved by the Supervisory Board on 28 March 2017. The Supervisory Board can decline to approve the consolidated financial statements and Group management report released by the Executive Management Board, in which case the consolidated financial statements would have to be approved in the Annual General Meeting.

Due to commercial rounding up or down of exact figures, it is possible that individual figures in these consolidated financial statements may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company WILEX AG and its subsidiary Heidelberg Pharma GmbH, which it controls in accordance with IRFS 10.6/10.7.

All intra-group transactions, balances and profits and losses are eliminated in full during consolidation. Figures can be compared directly with those of the previous year because the Group structure did not change. The annual financial statements of the subsidiary are adjusted, if necessary, to bring their accounting policies in line with those used by the Group.

3.4 Foreign currencies

The consolidated financial statements are prepared in euros (€), the Group's functional currency.

Transactions settled in currencies other than the respective local currency are recognized in the separate financial statements at the foreign exchange rate on the transaction date. The temporal method is applied pursuant to IAS 21.21 ff.

At the end of each reporting period the following steps are taken in accordance with IAS 21.23

- monetary amounts in a foreign currency are translated at the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

WILEX carries out business processes in US dollars (USD) and, to a smaller extent, in Swiss francs (CHF), British pounds (GBP) and other foreign currencies. No sales revenue was generated in foreign currencies in fiscal year 2016; the foreign currency business processes exclusively concern expenses.

The translation of USD amounts within the Group was based on the following euro exchange rates: For reasons of materiality, no exchange rates of other currencies are shown.

- Closing rate 30 November 2016: €1 = USD 1.0627 (previous year: €1 = USD 1.0578)
- Average exchange rate FY 2016: €1 = USD 1.1058 (previous year: €1 = USD 1.1221)

Differences may result from commercial rounding of exact figures.

3.5 Property, plant and equipment

WILEX does not own plots of land or buildings. All office and laboratory premises used at present are rented. Property, plant and equipment consists mainly of laboratory and office equipment and is recognized at historical cost less accumulated depreciation and impairment losses.

The cost less net carrying amount is depreciated on a straight-line basis over the useful life of the asset. The expected useful lives, net carrying amounts and depreciation methods are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. In addition, impairment charges are recognized immediately if assets are impaired as defined by IAS 36.

Depreciation of property, plant and equipment is based on the following useful lives:

- Laboratory equipment 8 to 14 years
- Other office equipment 3 to 23 years
- Leased property, plant and equipment 10 years

Expenses for the repair and maintenance and for the replacement of subordinate items are recognized in income at the time they arise. Extensive replacements and new fixtures and fittings are capitalized where they create a future economic benefit. Replacements are depreciated over their expected useful life. In the event of disposal, the cost and associated accumulated depreciation are derecognized. Any gains or losses resulting from such disposal are recognized in profit or loss in the fiscal year.

Impairment losses are recognized if the recoverable amount of property, plant and equipment is lower than the net carrying amount.

WILEX has not pledged any property, plant or equipment as collateral for contingent liabilities.

See note 3.20 for information on the accounting treatment of finance leases recognized in property, plant and equipment.

3.6 Intangible assets

3.6.1 Separately acquired intangible assets

Intangible assets not acquired in a business combination with a determinable useful life are carried at cost less accumulated amortization and impairment losses. Amortization is on a straight-line basis over the expected useful life of the asset and is recognized as an expense. The expected useful life and the amortization method are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Separately acquired intangible assets with an indefinite useful life are carried at cost less accumulated impairment losses.

In addition, impairment charges are recognized if assets are impaired as defined by IAS 38.111 in conjunction with IAS 36.

The following useful lives are assumed for intangible assets, which comprise capitalized licenses, patents and software:

- Licenses und patents 12.5 to 20 years
- Software 3 years

3.6.2 Intangible assets acquired from a business combination

Intangible assets acquired from a business combination, as well as the not yet ready for use intangible assets (In Process Research & Development, or IP R&D) and the acquired customer base resulting from the takeover of Heidelberg Pharma AG, are recognized separately from goodwill and measured at fair value, i.e., cost, as of the date of acquisition.

In subsequent periods, intangible assets with a definite useful life that were acquired in a business combination are measured in the same way as separately acquired intangible assets: at cost less accumulated amortization and any accumulated impairment losses.

The following useful lives are assumed here:

- Acquired customer base 9 years

The intangible assets not yet ready for use (IP R&D) are not yet being amortized. The development of the ADC technology and other IP components is ongoing, and no antibody-specific product license agreement (PLA) that would specify the current use and marketability of this technology asset in the form of a therapeutic development candidate has been signed to date. Hence this asset has not yet been classified as ready for use in accordance with IFRSs. Amortization of this asset will begin once the development work has been completed.

Goodwill and IP & R&D are also not amortized. Instead, they are tested for impairment annually (compare notes 3.8 and 8).

3.6.3 Research and development costs

Costs for research activities are recognized as expenses in the periods in which they are incurred.

Internally generated intangible assets resulting from development activities are recognized if and only if the following has been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group's intention to complete production of the intangible asset and use or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output from the use of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Since these requirements have not been met, no intangible assets could be recognized in the development phase.

At present, all research and development costs are therefore recognized in the income statement for the fiscal year in which they arise.

3.7 Impairment of property, plant and equipment and intangible assets with the exception of goodwill

The Company reviews the carrying amounts of property, plant and equipment and intangible assets at every reporting date to determine whether there is reason to believe that these assets are impaired. If there is indication of impairment, the recoverable amount of the asset is determined to identify the scope of a possible impairment loss. If the recoverable amount of the individual asset cannot be determined, then the recoverable amount of the cash generating unit to which the asset belongs is estimated.

In the case of intangible assets with an indefinite useful life and those not yet available for use, an impairment test is performed at least once a year and in all cases where there is indication of impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows are discounted using a pre-tax rate when determining the value in use. On the one hand, this pre-tax rate takes into account the current market estimate of the present value of the funds. On the other hand, it reflects the risks inherent in the asset to the extent that these have not already been incorporated into the cash flow estimate.

If the estimated recoverable amount of an asset or a cash generating unit falls below the carrying amount, then the relevant carrying amount is decreased to the recoverable amount. The impairment is recognized immediately in profit or loss.

If there is a subsequent reversal of the impairment loss, the carrying amount of the asset or the cash generating unit is increased to the new estimate of the recoverable amount. The increase in carrying amount is limited to the amount that would have resulted if no impairment losses had been recognized in previous years. An impairment reversal is recognized immediately in profit or loss.

3.8 Goodwill

The goodwill resulting from a business combination is recognized at cost less impairment losses, as required, and is reported separately in the consolidated balance sheet.

For purposes of impairment testing, the goodwill must be distributed among each of the Group’s cash generating units expected to derive benefit from the synergies generated by the business combination.

Cash generating units to which the goodwill is allocated must be tested for impairment at least annually. As soon as there is some indication of impairment, the cash generating unit must be tested immediately. If the recoverable amount of a cash generating unit is less than the carrying amount of the unit, then the impairment loss must be initially allocated to the carrying amount of the allocated goodwill and subsequently pro rata to the other assets based on the carrying amounts of each asset within the cash generating unit. Any impairment loss on goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized on goodwill may not be reversed in future periods.

3.9 Other non-current assets

When leases for buildings and laboratory equipment and motor vehicles are signed, rent security or security for leased equipment may have to be paid to the landlord or lessor. Depending on the duration of the lease, this item is allocated to non-current or current assets as of the reporting date.

3.10 Inventories

Inventories comprise raw materials, consumables and supplies and work in progress.

Inventories are measured at the lower of cost and net realizable value based on the FIFO method. The cost of sales for internally generated inventories contains all directly attributable costs as well as a reasonable percentage of the general overhead costs. Borrowing costs are not included in the cost of inventories because the performance period is shorter than 12 months.

3.11 Trade receivables

Trade receivables belong to the category of loans and receivables (see note 3.14), which are measured at amortized cost. They are therefore recognized at the initial invoice amount net of any adjustments for doubtful accounts. Such adjustments are based on an assessment by management of the recoverability and aging structure of specific receivables.

3.12 Prepayments made

The other assets and prepayments, e.g. to service providers or insurers, are either recognized in income in accordance with progress on the relevant order or offset against the final supplier invoice.

3.13 Other receivables

Receivables are initially recognized at fair value and subsequently at amortized cost, less any impairment losses. An impairment of other receivables is recognized if there is an objective, substantial indication that not all of the amounts due according to the original contractual terms and conditions are recoverable or discounting that is adequate for the maturity and risk-adjusted seems reasonable. The impairment is recognized in profit or loss.

3.14 Financial instruments

Financial instruments in accordance with IAS 39 are classified according to type:

- Financial assets or financial liabilities at fair value through profit or loss. This category comprises two sub-categories:
    - Financial assets or liabilities held for trading (AFVPL-Tr.): This category comprises the financial assets and liabilities held for trading such as for instance interest-bearing securities, shares and borrower's note loans. In particular, the liabilities held for trading include derivative financial instruments with a negative fair value. Financial assets and liabilities held for trading are recognized at the fair value at every balance sheet date. The remeasurement gains or losses are recognized the net profit/loss for the period. No such assets or liabilities were recognized in the period under review.
    - Financial instruments designated at fair value through profit or loss (AFVPL-Des.): Under the fair value option, financial instruments may be subjected to a voluntary fair value, including recognition of remeasurement gains or losses in the net profit/loss for the period. The irrevocable decision to use the fair value option must be made on initial recognition of the financial instrument. The fair value option may be applied to a financial instrument for example if it eliminates or significantly reduces a measurement or recognition inconsistency. No such assets or liabilities were recognized in the period under review.
- Available-for-sale financial assets: Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss are allocated to this category. In particular, this concerns interest-bearing securities, shares and equity interests. They are measured at the fair value. Equity instruments shall be measured at amortized cost if their fair value cannot be reliably determined. No such assets or liabilities were recognized in the period under review.
- Financial assets held to maturity: Non-derivative financial assets with fixed or determinable payments and fixed maturity may be allocated to this category if an entity has the positive intention and ability to hold them to maturity. They are measured at

amortized cost. The following are excluded from classification as held-to-maturity investments: (a) financial assets that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity designates as available for sale; and (c) those that meet the definition of loans and receivables.

WILEX currently does not recognize any of the financial instruments listed above.

- Loans and receivables: Non-derivative financial instruments with fixed or determinable payments for which there is no active market are allocated to this category. They are measured at amortized cost. Any impairment is recognized in profit or loss at the time the amortized cost is determined. A financial asset is impaired if there are objective indications of impairment which, in turn, arise from events that may have occurred after the initial measurement and have a negative effect on the value that was recognized on addition. Depending on the type and nature of the respective financial asset, the insolvency of a debtor for instance or even a reduction in the performance and fair value of an investment or other financial assets may constitute indications of and events leading to impairment. Premiums or discounts are recognized in net financial result over the relevant term. They are also measured at amortized cost.

Financial liabilities are initially measured at fair value. After initial recognition, all financial liabilities shall be measured at amortized cost using the effective interest method, except for:

(a) Financial liabilities at fair value through profit or loss.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) The financial guarantee contracts as defined in IAS 39.9.

(d) Commitments to provide a loan at a below-market interest rate.

All financial liabilities of WILEX shall subsequently be measured at amortized cost using the effective interest method.

These financial assets and financial liabilities are classified on initial recognition. WILEX reviews the carrying amounts of these financial assets at regular intervals or at least at every reporting date as to whether there is an active market for the respective assets and whether there are indications of impairment (for example, because the debtor is having substantial financial difficulties).

The net profit always contains all other expenses and income associated with the financial instruments in the given measurement category. Besides interest income and dividends, in particular this includes the results of both the initial and the subsequent measurement.

In addition, financial instruments are divided into current or non-current assets or liabilities as of the balance sheet date depending on their remaining life. Financial instruments with a remaining life of more than one year at the reporting date are recognized as non-current financial instruments while those with a remaining life of up to one year are recognized as current assets or liabilities.

A class of financial instruments encompasses financial instruments that are grouped in accordance with the disclosures required under IFRS 7 and the features of the financial instruments an entity uses.

The trade and settlement dates generally do not coincide in regular cash purchases or sales of financial assets. There is the option to use either trade date accounting or settlement date accounting in connection with such regular cash purchases or sales. The WILEX Group uses

trade day accounting in connection with regular cash purchases and sales of financial assets at the time of both initial measurement and disposal.

WILEX does not utilize hedge accounting for hedging currency risks. Potential currency risks concern the US dollar in particular. Insignificant amounts of cash and cash equivalents are held in US dollars to minimize risk.

3.15 Capital management

3.15.1 Composition of equity

The Group's equity consists of the subscribed capital, which is denominated in common bearer shares with a notional value of €1.00 each. Additional costs directly attributable to the issue of new shares and a capital measure are recognized under equity as a deduction from equity (e.g. from capital reserves).

The Company's capital comprises its equity including subscribed capital, capital reserves and accumulated deficits.

Due to the three capital increases completed during the fiscal year upon their entry in the Commercial Register on 9 December 2015 and 25 April 2016, the share capital totaling €9,305,608.00 increased by €3,621,956.00 from authorized capital to €12,927,564.00. The capital reserve increased correspondingly from €188.0 million to €191.1 million.

3.15.2 Capital management

The capital management program of WILEX serves to create a solid capital base and to safeguard it in a sustainable manner so as to be able to continue to assume the going-concern premise and to operate under this premise. Given the losses the Company has incurred since its founding, it focuses mainly on using cash to fund the ongoing development of its technology and product pipeline and, not least, to maintain the confidence and trust of investors and business partners alike in the Company. In the fiscal year ended a capital increase was carried out in this context, but no capital was borrowed from banks.

Management regularly monitors the liquidity and equity ratios and the sum of the items recognized in equity. There were no changes during the reporting year in the Company's strategy or objectives as they relate to its capital management program.

In €'000	**30 Nov. 2016**	**30 Nov. 2015**
Liquidity	4,574	1,306
In % of total capital	30.0%	10.8%
In % of current liabilities (cash ratio)	83.5%	49.9%
Equity	9,756	9,480
In % of total capital	64.0%	78.3%
Liabilities	5,485	2,621
In % of total capital	36.0%	21.7%
Total capital	**15,241**	**12,101**

The liquidity ratios (ratio of available cash and cash equivalents to either total capital or current liabilities) increased uniformly compared with the prior-year comparable figures due to the cash inflow from capital increases and the shareholder loan.

The ratio of liquidity to total capital rose from 10.8% to 30.0%. Analogously, the cash ratio, defined as cash and cash equivalents divided by current liabilities, increased from 49.9% to 83.5%.

The equity ratio was 64.0% as of 30 November 2016. Because of the increase in liquidity and the related increase in total assets, at the end of the reporting year this figure was lower than in the previous year (78.3%).

Preventing the share capital from being reduced by more than half by losses in the separate financial statements prepared under German commercial law is a quantitative control variable of equity management.

3.16 Liabilities and provisions

Liabilities are recognized if a legal or constructive obligation exists towards third parties. With the exception of financial liabilities, liabilities are carried at their settlement amount. In contrast, financial liabilities are initially measured at their fair value. They are subsequently measured at amortized cost. All liabilities that fall due within at least one year are recognized as non-current liabilities; they are discounted to their present value.

Provisions are recognized if the Group has a present obligation from a past event, it is probable that the Group will have to meet this obligation and its amount can be estimated reliably. The provision amount recognized is the best estimated amount as of the reporting date for the expenditure required to fulfill the present obligation, taking into account the risks and uncertainties inherent in the obligation. If it is expected that the amount required to settle the provision will be reimbursed by a third party in whole or in part, this claim is recognized accordingly under other receivables.

3.17 Income taxes

Income tax expense is composed of the current tax expense and deferred taxes. The significant loss carryforwards prevented material tax liabilities from occurring.

Deferred income taxes are recognized by applying the balance sheet liability method for temporary differences which arise between the tax base of the assets and liabilities and their carrying amounts in the financial statements according to IFRS. Deferred income taxes are to be measured in accordance with the tax rates (and tax regulations) that are applicable as of the reporting date or that have essentially been passed as law and are expected to be applicable during the period in which an asset is realized or a debt is settled. Deferred tax assets and deferred tax liabilities are not recognized when the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in transactions which are not business combinations and affect neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized to the extent it is probable that a taxable profit will be available against which the temporary differences can be applied. Deferred tax assets for tax loss carryforwards are recognized to the extent it is probable that the benefit arising will be realized in future.

If relevant, current or deferred taxes are recognized in profit or loss, unless they are related to items that are either recognized in other comprehensive income or directly in equity. In this case, the current or deferred tax must also be recognized in other comprehensive income or directly in equity.

3.18 Earnings per share

Undiluted earnings per share are calculated as that proportion of net profit or loss for the year available to common shareholders, divided by the weighted average number of common shares outstanding during the period under review. The Treasury Stock Method is used to calculate the effect of subscription rights (stock options). It is assumed that the options are converted in full in the reporting period. The number of shares issued to the option holder as consideration for the proceeds generated, assuming exercise at the exercise price, is compared with the number of shares that would have been issued as consideration for the proceeds generated assuming the average market value of the shares. The difference is equal to the dilutive effect resulting from the potential shares and corresponds to the number of shares issued to the option holder compared to another market participant receiving no consideration. The proceeds assumed from the issue of potential common shares with dilutive effect must be calculated as if they had been used to repurchase common shares at fair value. The difference between the number of common shares issued and the number of common shares which would have been issued at fair value must be treated as an issue of common shares for no consideration and is reflected in the denominator when calculating diluted earnings per share. The profit or loss is not adjusted for the effects of stock subscription rights. The conditional increase of the share capital to grant stock option rights to employees and members of the Executive Management Board (see note 3.19) could potentially dilute the diluted earnings per share in future. Because the stock options issued are currently not dilutive given WILEX AG's share price performance, the diluted and basic earnings per share are identical.

3.19 Employee and Executive Management Board member benefits

3.19.1 Share-based payment

Equity-settled share-based payment provided to employees in the form of stock options is recognized at the fair value of the relevant option prevailing on the respective grant date. Additional information on calculation of the fair value of share-based payment is presented in note 24.

The fair value calculated upon equity-settled share-based payment is recognized as an expense using the straight-line method over the period until vesting with a corresponding increase in equity and is based on the Company's expectations with regard to the equity instruments which are likely to vest. At each reporting date, the Group must review its estimates regarding the number of equity instruments vesting. The effects of changes to the original estimates, if any, must be recognized as in profit or loss in such a way that the cumulative expense reflects the change in the estimate and results in a corresponding adjustment in the reserve for equity-settled share-based payments to employees.

3.19.2 Profit-sharing scheme

WILEX recognizes both a liability and an expense for bonus entitlements of both Executive Management Board members and employees. A liability is recognized if there is a contractual obligation or if an obligation is assumed to have arisen as a result of past business practice.

Bonus entitlements and variable remuneration are contingent on the achievement of personal targets and the Company's performance targets. The performance-based remuneration of the members of the Executive Management Board and non-executive personnel is based for one on corporate goals and for another on performance targets that are fixed on an individual basis. These goals and targets comprise and essentially refer to

the achievement of defined milestones in research and development, the securing of the Company's further funding and the future performance of WLEX's shares.

Since profit-sharing payments are made subsequently as of the reporting date and there is uncertainty in terms of their amount as a result, the Company recognizes a corresponding provision that is measured using estimates and judgments based on previous payments.

3.19.3 Pension costs

Payments for defined-contribution pension plans for current and former Executive Management Board members and managing directors are recognized as expenses when the beneficiaries have performed the work that entitles them to the contributions. Currently there is a pension plan at Heidelberg Pharma into which contributions are still being paid.

No material future contributions to a defined benefit pension plan for a former Executive Management Board member at WILEX AG are expected due to the nature of the commitment (one-time payment in the maximum amount of €47 thousand when the benefit comes due) and a reinsurance policy funded with a one-time payment of €15 thousand in 2000 constituting the plan assets. If capital market developments are unfavorable, there could be a coverage gap between the future one-time payment promised to the beneficiary and the existing plan assets totaling no more than approximately €10 thousand.

The payments into a defined contribution plan as pledged in exchange for the work performed by the beneficiaries are expensed in the fiscal year in question. The income from the plan assets and the expenses from the defined benefit pension commitment at WILEX AG are recognized in the fiscal year they arise.

3.19.4 Employer's contributions to the statutory pension insurance scheme

In the 2016 fiscal year, WILEX paid €234 thousand in employer contributions to the statutory pension insurance scheme; this expense is allocated to staff costs (previous year: €220 thousand).

3.20 Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to WILEX is deemed to represent a finance lease under IAS 17. Assets from finance leases are recognized at the beginning of the lease at the lower of fair value or present value of the minimum lease payments. Each lease payment is split into an interest and repayment portion so as to produce a constant interest rate on the remaining balance of the liability. The relevant lease liabilities are contained in liabilities arising from leases.

The interest portion of the financing costs is recognized in income over the term of the lease using the effective interest method. If there is sufficient certainty that ownership will transfer to the lessee at the end of the term of the lease, the asset acquired under a finance lease is depreciated over its expected useful life. Otherwise, the asset is depreciated over the shorter of its useful life or the term of the lease.

Leases, where the risks and rewards associated with ownership remain essentially with the lessor, are deemed to be operating leases. Any payments made under operating leases are recognized in income on a straight-line basis over the term of the lease.

3.21 Recognition of revenue and earnings

Sales revenue and other income are measured at the fair value of the consideration received or receivable and reduced by discounts and similar deductions.

WILEX's business activities are aimed at generating revenue from cooperation agreements and/or license agreements (depending on the design of the given contract in the form of upfront payments, milestone payments, cost reimbursements and royalties). WILEX also generates sales revenue from the provision of services as part of its customer specific contract research.

3.21.1 Sales revenue from cooperation and out-licensing agreements

Sales revenue from such agreements can consist of up-front payments, milestone payments or cost reimbursements for current project development and management.

Up-front payments are due as prepayments at the start of a given cooperation. Revenue recognition in connection with up-front payments requires a case-by-case analysis of the overall circumstances and is therefore contingent on the content of the relevant contract. Revenue is recognized upon receipt of the invoice providing all conditions in IAS 18.14 ff. have been satisfied. Where individual conditions have not been met, the up-front payments received are recognized as deferred income and recognized on a pro-rata basis in profit or loss over the term of the defined work to be performed.

Milestone payments are contingent upon achievement of contractually stipulated targets. Milestones and the resulting sales revenue are not posted as such until the respective targets triggering the payments have been met in full.

The cooperation agreements also normally generate sales revenues in the form of cost reimbursements for ongoing project development with the respective partner that are billed as the costs are incurred and reported as sales.

3.21.2 Sales revenue from the provision of services

Income from service contracts is recognized according to the percentage of completion. The percentage of completion is determined as follows: Income from customer-specific research is calculated on a time-and-materials basis and recognized at the contractually agreed hourly rates and directly incurred costs.

3.21.3 Other income

In addition to the reversal of unused liabilities and provisions from prior periods through profit or loss, other income relates to government grants, such as those from the Federal Ministry of Education and Research (BMBF). These government grants are used to support certain projects by reimbursing research expenses from public funds. Reimbursement is based on the project costs incurred and non-refundable. The cash amounts received in advance are recognized over the underlying service period according to the research project's stage-of-completion. There was also income from the loan granted in connection with the sale of WILEX Inc. and from exchange rate differences and sub-leases.

3.22 Cost of sales

All costs directly related to generating sales revenue are reported as cost of sales. Cost of sales thus comprise staff costs, material costs and other costs directly attributable to manufacturing in reference to the respective goods and services sold.

3.23 Research and development

Research and development activities comprise all associated costs not related to the generation of sales revenue, including staff costs, consulting costs, depreciation, amortization and impairment losses, material and cost of sales, third party services, laboratory costs and fees for legal advice. They are recognized as expenses in the period in which they are incurred.

3.24 Interest income

Interest income is recognized in the statement of comprehensive income at the time it is generated, taking into account the effective yield on the asset.

3.25 Interest expense

Interest expense comprises interest on a shareholder loan, interest expense on current liabilities, interest expense for pension provisions and any interest portion in connection with leases. Since the Group does not own qualifying assets, borrowing costs are recognized as an expense in the period in which they are incurred.

4 Segment reporting in accordance with IFRS 8

Applying IFRS 8 Operating Segments, WILEX reported on three segments in up to and including the 2014 fiscal year: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx). As a consequence of the discontinuation of R&D activities at the Munich site, no further business activities are conducted that differ materially in their risk/reward profiles. R&D activities have since focused on the operations of WILEX's subsidiary Heidelberg Pharma in Ladenburg. As a result, WILEX discontinued its reporting on segments at the beginning of the 2015 fiscal year.

In fiscal year 2016 WILEX posted sales revenue of €1.36 million (previous year: €2.3 million), which was mainly attributable to Heidelberg Pharma (€1.2 million). Of this figure, the ADC technology accounted for €0.2 million and the service business for €1.0 million. In the previous year, Heidelberg Pharma reported sales revenue of €1.9 million, of which €0.9 million was from the ADC technology and €1.0 million from the service business. Additionally, portions of a milestone payment were due to the parent company in 2016 from Link Health for the out-licensing of MESUPRON® (€0.1 million). In the previous year, this agreement had brought in sales revenue of €0.4 million. The following table shows the regional distribution of 2016 sales revenue in terms of a customer’s or collaboration partner’s domicile:

Region	2016		2015	
	in €'000	in %	in €'000	in %
Germany	676	50%	740	32%
Europe	564	41%	1,074	47%
of which B	*204*	-	*30*	-
of which CH	*184*	-	*573*	-
of which UK	*66*	-	*171*	-
of which DK	*60*	-	*0*	-
of which F	*0*	-	*109*	-
of which RUS	*50*	-	*191*	-
USA	29	2%	67	3%
Rest of world	94	7%	403	18%
Total	1,362	100%	2,284	100%

All sales revenue was generated in euros. Complix NV, Zwijnaarde, Belgium (€0.20 million), SuppreMol GmbH, Planegg, Germany (€0.17 million) and Apogenix AG, Heidelberg, Germany (€0.15 million) each were responsible for more than 10% of sales revenue.

5 Financial risk management

5.1 Financial risk factors

Given its business activities, WILEX is exposed to certain risks, in particular market risk (including currency risks, interest and price risks), liquidity risk and default risk. WILEX's risk management focuses on the unpredictability of the financial markets and aims to minimize any potential adverse effects on the Company's ability to finance its business activities. However, WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

Responsibility for groupwide risk management rests with the full Executive Management Board. It has implemented an effective groupwide risk management system throughout the entire WILEX Group and monitors compliance with the risk management principles approved by the Supervisory Board with the help of the respective individuals responsible for the individual fields of risk identified as well as in cooperation with Controlling. The Executive Management Board specifies written principles for all risk management aspects. The Risk Officer identifies, assesses and communicates financial and corporate risks in close cooperation with the Executive Management Board. Moreover, all potential risks, particularly financial risks with substantial ramifications and a reasonable probability of occurring are closely monitored and discussed by the Company's Executive Management and Supervisory Boards at every quarterly reporting date.

The groupwide risk management system serves to identify and analyze risks to which WILEX is exposed, making it possible to take appropriate countermeasures as necessary. The principles underlying the risk management system are reviewed and adjusted in a regular and ongoing process in order to ensure that any changes in and requirements of WILEX's business environment are covered. Internal guidelines and training ensure that every employee is aware of their tasks and duties in connection with the risk management system and duly carries them out.

5.1.1 Market risk

5.1.1.1 Currency risk

WILEX cooperates with different service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars (USD) and, to a lesser extent, in other foreign currencies. This risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable.

As the currency risk is limited overall, WILEX has not concluded any hedging transactions but is attempting to achieve financial hedging by matching cash inflows and outflows in the same currency.

5.1.1.2 Price risk

WILEX is not exposed to risks from share price fluctuations related to equity securities, nor to risks from changes in the price of commodities.

5.1.2 Liquidity and interest risk

Mainly cash, cash equivalents and receivables constitute financial instruments that might expose WILEX to concentrations of default, liquidity and interest rate risks. WILEX has no obligations under long-term financial investments. WILEX has a detailed cash planning system, which is updated regularly, at least once a month. It serves to ensure that WILEX is aware of the available cash and cash equivalents and the due dates of its liabilities at all times in order to be able to pay liabilities as they fall due.

Given the contractually fixed interest rates and short maturities, market-driven interest rate fluctuations do not have a direct effect on the financial assets and liabilities such that the interest rate risk plays a secondary role for WILEX.

However, interest rate changes could affect the carrying amount of goodwill and not yet ready for use intangible assets (IP R&D) in the context of impairment testing.

5.1.3 Default risk

WILEX is exposed to bad debt risks in connection with its receivables. No material past due trade or other receivables were shown as of the reporting date.

The maximum default risk in connection with trade receivables is €91 thousand and corresponds to the trade receivables balance sheet item. The maximum default risk from other receivables is €92 thousand, which almost entirely comprises receivables from the tax authorities.

The loan and interest rate receivable in respect of Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea), valued at a nominal USD 2,031 thousand (previous year: USD 2,232 thousand) arising from the 2013 sale of the US subsidiary WILEX Inc. has been written off in full due to prolonged payment difficulties.

The other non-current assets comprise receivables in connection with rent and lease security deposits (€26 thousand) and other receivables from service providers (€5 thousand).

No reported financial asset is past due. No collateral was furnished for receivables.

5.1.4 Cash flow and fair value interest rate risk from financial instruments

WILEX invests liquid funds only in interest-bearing bank accounts or short-term fixed deposits. Market interest rate fluctuations may therefore affect the Company's ability to generate sufficient interest income from these financial instruments. This conservative investment approach ensures that there is no non-payment risk (see note 3.14).

Furthermore, WILEX maintains domestic credit balances only with major banks that belong to the German Deposit Insurance Fund and/or the German Savings Banks Organization's deposit assurance fund. The default risk in connection with these credit balances is therefore minimal.

5.2 Determination and measurement of fair value

The rules in IFRS 13 Fair Value Measurement must always be applied if fair value measurement is stipulated or permitted by another IAS or IFRS, or if disclosures about fair value measurement are required. The 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 (exit price). The fair value of a liability therefore reflects the default risk (i.e. own credit risk). Measurement at fair value assumes that the asset is being sold or the liability is being transferred in the principal market or - if such is unavailable - in the most favorable market. The principal market is the market with the largest volume and the greatest activity to which the entity has access.

Fair value is determined using the same assumptions and taking into account the same characteristics of an asset or a liability on which independent market participants would base their assessment. Fair value is a market-based, not entity-specific measurement. For non-financial assets, the fair value is determined based on the best possible use of the asset by a market participant.

WILEX uses the following hierarchy to determine and disclose the fair value of financial instruments (see note 20):

Level 1: Quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access. The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date.

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability either directly (such as prices) or indirectly (derived from prices). The fair value of financial instruments not traded on an active market can be determined using a valuation technique. In this case, fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all of the inputs required to determine fair value are observable, the instrument is classified in Level 2.

Level 3: Inputs for the asset or liability that are not observable. If important inputs are not based on observable market data, the instrument is classified in Level 3.

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities as well as trade receivables and payables are more or less equal to their fair value on account of the short maturities.

6 Going concern risk

As of the 30 November 2016 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

To avoid an impending insolvency, the Company's main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany, therefore issued a financing commitment vis-à-vis WILEX AG for up to €10 million in February 2017.

Without this financial commitment made by dievini, the funds would have lasted only until the end of the second quarter of 2017. In that case, it would not have been possible to prepare reporting on a going concern basis. The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way was it possible to prepare the consolidated financial statements on a going-concern basis in accordance with IAS 1.25.

The details of implementing the financing commitment will be decided by the Executive Management Board and the Supervisory Board of WILEX AG with dievini at a later date. In particular, securities prospectuses could possibly have to be prepared for upcoming capital measures.

By the Executive Management Board's estimate, the cash currently on hand and the planned inflow of cash supported by dievini's financing commitment are expected to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. Against this backdrop, the value of all assets, especially intangible assets and goodwill, is recoverable. At this time, WILEX expects its cash to be sufficient until the end of second quarter of 2018.

The existing cash and the expected cash inflows will be used to further develop WILEX's business activities with a focus on the innovative ADC technology and proprietary ATAC development candidates by subsidiary Heidelberg Pharma. Ideally, the research agreements already concluded in the area of ADC technology will lead to license agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and license payments through partnerships. In addition, participation in the development of ATAC development candidates – either independently or in collaboration with partners – is expected to boost internal value creation. For the RENCAREX® project, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical project in order to extend the Group's cash reach. If ongoing negotiations are fruitful, WILEX could receive license fees in the event of successful development and regulatory approval.

If the Executive Management Board is unable to implement the corporate strategy focused on the ADC technology according to plan, and/or if the Company fails to obtain additional equity funding, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable at the end of the second quarter of 2018 to satisfy their payment obligations and/or become overindebted as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardize the Group's and/or consolidated entities' existence as a going concern and shareholders could lose some or all of their invested capital.

7 Critical estimates and discretionary decisions

Application of the accounting principles described under note 3 requires the Management Board to assess facts, perform estimates and make assumptions with respect to the carrying amounts of assets and liabilities that cannot be readily determined from other sources.

Estimates and judgments are continually evaluated and are based on historical data and experience and other factors, including expectations of future events that are believed to be reasonable and realistic under the circumstances. The Company makes estimates and assumptions concerning the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

The assumptions underlying the estimates are regularly reviewed. Changes in the estimates that concern only a specific period are considered solely in that period; if the changes concerns both the current and subsequent reporting periods, then they are considered in all relevant periods.

Assumptions underlying the recognition of sales revenue (€1.3 million) and other income (€1.4 million) are in some cases based on estimates by the Executive Management Board.

Determining the expense from the measurement of stock options granted in the reporting year (€78 thousand) and the parameters underlying the impairment test for goodwill and IP R&D materially concern assumptions and judgments that are made by management and regularly reviewed.

Last year's write-off of the loan to Nuclea is based on assumptions regarding its recoverability and the creditworthiness of the borrower, which are in turn based on management estimates.

The amount of the continued provision to cover the risk of the Company possibly being held liable under a rent guarantee furnished to Siemens Corporation for the former WILEX Inc. is subject to assumptions based on management estimates.

It is generally possible that WILEX could deviate in the future from the assumptions made to date, which could necessitate a material adjustment of the carrying amounts of the assets or liabilities in question.

7.1 Expense from the granting of stock options

WILEX recognizes expenses in the amount of €78 thousand (previous year: €46 thousand) from the granting of stock options during the reporting year under staff costs (see note 24). For this purpose, future assumptions need to be made regarding the different calculation parameters, such as the expected volatility of the share price, the expected dividend payment, the risk-free interest rate during option terms and staff and Executive Management Board turnover. Should these assumptions change, WILEX would need to change the relevant parameters and adjust its calculations and staff costs accordingly.

7.2 Impairment test pursuant to IAS 36

The impairment tests of both goodwill (see note 8) in the amount of €6,111 thousand (previous year: €6,111 thousand) and the IP R&D technology asset – which is not yet ready for use – in the amount of €2,493 thousand (previous year: €2,493 thousand) require estimating either the fair value less costs to sell or, alternatively, the recoverable amount as the value in use, determined on the basis of the cash generating unit's expected future cash flows and a reasonable discount rate.

Factors such as revenue that is lower than expected and the resulting decrease in net cash flows as well as changes in the WACC could have a material effect on the determination of the value in use and/or the fair value less costs to sell and, in the final analysis, on the impairment of the goodwill or the IP R&D technology asset acquired.

7.3 Impairment loss on the loan to Nuclea Biotechnologies Inc. in accordance with IAS 39

Determining whether or not the loan to Nuclea is impaired requires comparing its carrying amount to the present value of expected future cash flows. In a first step, objective indications of impairment were assessed. An impairment loss is then recognized in the amount of the difference between the carrying amount and the lower present value of the future cash flows. On the one hand, this requires an assessment of the creditworthiness of borrower Nuclea and, on the other hand, an estimate of the timing and amount of expected future payments from the loan agreement. Factors such as a change in credit rating affect the carrying amount.

7.4 Provisions relating to the rent guarantee to Siemens Corporation in accordance with IAS 37

Determining the amount of the continued provision for the rent guarantee furnished to Siemens Corporation (€408 thousand) requires an estimate of the expenditure required to settle the obligation at the reporting date. The expenditure required to settle the obligation must be estimated on a prudent basis as the amount the Company would be required to pay to fulfill the obligation. Estimating the financial consequences of the rent guarantee requires an assessment by management. The most likely result is given as the best possible estimate of the obligation.

Firstly, for purposes of justification this estimate requires an assessment of the creditworthiness of Nuclea, which owes the rent. Secondly, it requires an estimate of the expected future payments from the rent guarantee. Factors such as a change in credit rating could affect the carrying amount.

8 Impairment testing pursuant to IAS 36

The following is a description of impairment testing in January 2017 (previous year: January 2016) of the acquired goodwill and the intangible and not yet ready to use (and therefore not yet amortized) technology asset (IP R&D) acquired in the course of the 2011 business combination with Heidelberg Pharma.

For purposes of annual impairment testing, goodwill and the IP R&D technology asset are assigned to WILEX's lowest cash generating unit, which is monitored by the Executive Management Board.

WILEX AG acquired Heidelberg Pharma in March 2011. This acquisition generated goodwill of €6,111 thousand. Furthermore, an IP R&D asset consisting of the ADC technology with a net carrying amount of €2,493 thousand was identified as a not-yet-ready-for-use technology asset in the course of the purchase price allocation performed at the time. The carrying amounts as of 30 November 2016 correspond to the value at acquisition in each case. Management believes that the general conditions under which Heidelberg Pharma operates have not changed significantly since 2011.

Impairment testing, and therefore the calculation of the recoverable amount as the fair value less costs to sell, is based on a model in which assumptions in respect of company planning are included and in which the present value of the cash flows forecast in this way are

calculated to determine the value in use. The expected future cash flows from Heidelberg Pharma were discounted applying a company-specific risk-adjusted interest rate.

Planning is based on annual sales revenue of around €1 million from the service business of Heidelberg Pharma, with continuous annual growth of 1.0% being expected from 2021 to 2038. For the 20-year period after 2038, a terminal value of €63 thousand was taken into account for the service business.

The ADC business was analyzed as to its future partnership and out-licensing potential, and these assumptions were used for sales revenue planning during the period from 2017 to 2038.

The ADC technology platform is a cornerstone of Heidelberg Pharma's business model. It is expected to be used to optimize antibodies for specific customers and manufacture corresponding antibody-drug conjugates (ADC) to improve cancer treatments in the future. Heidelberg Pharma intends to market the ADC technology to third parties and plans to generate sales revenue in the form of milestone and license payments. Particularly in the final phase of an ADC agreement (product license agreement, PLA), these payments are essential to the business model. They come due as soon as the contractual partner pursues development of a drug candidate and completes the approval process. The development phase comprises the execution of several clinical trials and can therefore take several years, which necessitates a second long-term planning phase for purposes of the impairment test.

The mid-term planning for the ADC business used for the impairment test comprises detailed planning over a five-year period from 2017 to 2021 (preclinical and clinical phases I and II). This is followed by a second, longer-term 17-year planning phase from 2022 to 2038 (clinical phase III, approval and market launch) that continues the first planning phase. Medium-term planning is based on the following assumptions in the model:

- Derivation of potential sales revenue based on comparison data of approved cancer drugs
- Sustainable positive cash flows through potential licensing income not until 2026
- Maximum exploitation period for license income until 2038 through patents granted and new patent applications
- Discounts for the success rates of individual clinical phases according to the scientific literature

All told, the Company expects sustainable positive cash flow starting with the market phase in 2026. In the preceding phase, the model projects cumulative discounted cash flows (adjusted for tax effects) of €-7.9 million. During the phase after 2026, the model projects cumulative discounted cash flows (adjusted for tax effects) of €21.7 million.

The carrying amount of the cash generating unit analyzed was €11,000 thousand as of the reporting date (previous year: €10,920 thousand), which corresponds to the sum total of assets of Heidelberg Pharma. Allowing for the risks and opportunities arising from the business activities, the discount factor used for the impairment test was 12.4% (previous year: 12.3%) before taxes and 10.9% (previous year: 11.1%) after taxes.

The impairment test showed that there was no need to recognize impairment losses on goodwill or the IP R&D technology as of 30 November 2016. Not until a discount factor of 11.8% (before tax) (previous year: 13.3%) is reached would the carrying amount of the cash generating unit equal the total present value calculated.

The income tax rate underlying the cash flows in the model is 28.43%, as in the previous year.

Indications necessitating impairment testing of goodwill and of the IP R&D technology in certain situations in accordance with IAS 36.12 (g) / IAS 36.14 (b) did not arise during the past fiscal year.

The calculation of fair value less cost of disposal is based on unobservable inputs (Level 3; see note 5.2). The cash flows included in the calculation are not influenced by internal transfer prices. There is an active market for the products and services of the cash-generating unit measured.

9 Property, plant and equipment

As of 30 November 2016 and 2015, property, plant and equipment comprised the following:

in €'000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2015 fiscal year				
Opening carrying amount	448	568	37	1,053
Additions	149	0	50	199
Disposals	(42)	0	(2)	(44)
Reclassifications	568	(568)	0	0
Depreciation and impairment losses	(184)	0	(39)	(223)
Net carrying amount as of 30 Nov. 2015	**939**	**0**	**46**	**985**
As of 30 Nov. 2015				
Cost	3,034	0	699	3,733
Accumulated depreciation and impairment	(2,095)	0	(653)	(2,748)
Net carrying amount as of 30 Nov. 2015	**939**	**0**	**46**	**985**

in €'000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2016 fiscal year				
Opening carrying amount	939	0	46	985
Additions	475	0	49	524
Disposals	(1)	0	(2)	(3)
Depreciation	(205)	0	(34)	(239)
Net carrying amount as of 30 Nov. 2016	**1,208**	**0**	**59**	**1,267**
As of 30 Nov. 2016				
Cost	3,556	0	748	4,304
Accumulated depreciation and impairment	(2,348)	0	(688)	(3,036)
Net carrying amount as of 30 Nov. 2016	**1,208**	**0**	**59**	**1,267**

Unless allocable to cost of sales, the full amount of depreciation totaling €239 thousand (previous year: €223 thousand) was recognized in profit or loss as R&D costs and as general and administrative expenses.

No impairment losses were recognized in the reporting year.

Items of property, plant and equipment scrapped during the year are classified as disposals (€3 thousand).

WILEX did not sign new finance leases pursuant to IAS 17 (see note 3.20) in the fiscal year just ended. Finance lease assets are measured at present value and amortized over their estimated useful life on a straight-line basis.

WILEX has not pledged any property, plant or equipment as collateral for liabilities. There are no contractual obligations for the acquisition of property, plant and equipment.

10 Intangible assets

As of 30 November 2016 and 2015, intangible assets comprised the following:

in €'000	Software	Licenses	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2015 fiscal year							
Opening carrying amount	33	1	295	127	2,493	6,111	9,059
Additions	0	0	8	0	0	0	8
Amortization and impairment	(22)	0	(16)	(51)	0	0	(89)
Net carrying amount as of 30 Nov. 2015	**12**	**1**	**286**	**76**	**2,493**	**6,111**	**8,978**
As of 30 Nov. 2015							
Cost	705	1,796	1,523	320	2,493	6,111	12,947
Accumulated amortization and impairment	(693)	(1,795)	(1,236)	(244)	0	0	(3,968)
Net carrying amount as of 30 Nov. 2015	**12**	**1**	**286**	**76**	**2,493**	**6,111**	**8,978**

in €'000	Software	Licenses	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2016 fiscal year							
Opening carrying amount	12	1	286	76	2,493	6,111	8,978
Additions	2	0	12	0	0	0	14
Amortization and impairment	(8)	0	(16)	(17)	0	0	(41)
Net carrying amount as of 30 Nov. 2016	**6**	**1**	**282**	**59**	**2,493**	**6,111**	**8,953**
As of 30 Nov. 2016							
Cost	707	1	1,535	320	2,493	6,111	11,168
Accumulated amortization and impairment	(701)	0	(1,253)	(261)	0	0	(2,215)
Net carrying amount as of 30 Nov. 2016	**6**	**1**	**283**	**59**	**2,493**	**6,111**	**8,953**

All of the additions stem from separate acquisitions. Unless allocable to cost of sales, €41 thousand (previous year: €89 thousand) in amortization and impairment losses were recognized in profit or loss as research and development costs and as general and administrative expenses.

In addition, the acquired customer base identified as an intangible asset in connection with a purchase price allocation was amortized.

As a rule, software and patents and licenses as part of intangible assets have a finite useful life.

There were no currency effects from the translation of foreign currencies into the reporting currency for any group of intangible assets. WILEX has not pledged any intangible assets as collateral for liabilities. The Company has no contractual obligations for the acquisition of intangible assets.

10.1 Goodwill

The goodwill recognized arises from the business combination with Heidelberg Pharma. The assets and liabilities acquired as well as the deferred tax assets and liabilities are recognized separately as of the acquisition date.

Goodwill of €6,111 thousand was identified in connection with the acquisition of Heidelberg Pharma and the subsequent purchase price allocation; it will be tested for impairment annually in accordance with IAS 36 (see note 8).

10.2 Intangible assets not yet ready for use

In the purchase price allocation for Heidelberg Pharma carried out in 2011, the novel ADC technology still under development and not yet ready for use was defined as IP R&D and identified as an intangible asset. The carrying amount is €2,493 thousand.

The Company believes that the ADC technology has the potential to improve the efficacy of many antibody-based compounds, including those marketed.

This technology will not be amortized until its development has been successfully completed and the technology can thus be deemed ready for use, i.e. a therapeutic agent can be marketed. Subsequent costs are recognized through profit and loss as research and development expenses. They are not capitalized pursuant to IAS 38 in keeping with the treatment of other development costs and given WILEX's industry-related specificities. It is typical for the biotechnology industry that particularly the technical feasibility pursuant to IAS 38.57 (a) as well as any future economic benefits pursuant to IAS 38.57 (c) are uncertain, even in projects where the research has largely been completed. This IP R&D technology asset was tested for impairment as of 30 November 2016 during the impairment test carried out in November 2016. WILEX has not found any indication of impairment of this intangible asset.

10.3 Other intangible assets

Other intangible assets comprise a customer base (service business) acquired in the course of the business combination with Heidelberg Pharma in fiscal year 2011. This customer base was amortized in the reporting year.

10.4 Patents and licenses

On account of the introduction of the restructuring program in early 2014 and the realignment of the Company, the value of the previously recognized patents licenses of the parent company WILEX AG was no longer recoverable. As a result, all previously capitalized

patents and licenses were written down in full. There was no need to write down the patents and licenses of Heidelberg Pharma in the fiscal year.

10.5 Software

Software includes various capitalized office and laboratory software items written down over their useful lives.

11 Other non-current assets

The other non-current assets (2016: €31 thousand; previous year: €69 thousand) mainly comprise rent security in the amount of €16 thousand (previous year: €10 thousand) and security for leased equipment in the amount of €10 thousand (previous year: €19 thousand) – all of which is deposited in bank accounts. This item also includes other receivables from operations totaling €5 thousand (previous year: €40 thousand). WILEX expects no non-current assets to be realized within the next 12 months.

12 Inventories

The inventories recognized at cost (2016: €190 thousand; previous year: €279 thousand) mainly concern work in progress within the meaning of a service (IAS 2.19) in Heidelberg Pharma's service and contract research segments. The parent company WILEX AG no longer recognizes inventories. The inventories recognized as an expense in the cost of sales (expenses for raw materials, consumables and supplies, and purchased goods and services) amounted to €617 thousand in the fiscal year (previous year: €509 thousand).

No inventories were pledged as collateral for liabilities. WILEX projects that all inventories will be used up within the next 12 months and work in progress/unfinished goods will be completed/realized.

13 Prepayments made

Prepayments are comprised as follows:

	30 Nov. 2016 in €'000	30 Nov. 2015 €'000
Insurance	10	11
Prepayments to service providers	32	11
Prepayments made	**42**	**22**

Prepayments to service providers include, in particular, payments to business partners for cell culture storage, and IT as well as BaFin and Deutsche Börse fees. All prepayments made are of a current nature (< 12 months).

14 Trade and other receivables

The business activities of Heidelberg Pharma generated €91 thousand in trade receivables from a variety of sources (previous year: €367 thousand).

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
Trade receivables	91	367
Total	**91**	**367**

The aging structure of trade receivables as of the reporting date was as follows:

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
0 – 30 days	91	329
30 – 90 days	0	38
More than 90 days	0	0
Total	**91**	**367**

Since no trade receivables are due for more than 90 days after the invoice date, no trade receivables are recognized as past due as of the reporting date.

Other receivables are comprised as follows:

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
VAT claim	91	94
Refund on withholding tax on capital gains	1	1
Other receivables	**92**	**95**

Since the Company has incurred only operating losses, the withholding tax on capital gains is refunded.

WILEX expects all trade receivables and other receivables to be realized within the next 12 months.

15 Cash and cash equivalents

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
Cash and cash equivalents	4,574	1,306
Total	**4,574**	**1,306**

Cash and cash equivalents were up on the prior-year figure due to the completed capital increases and the inflow from the shareholder loan granted by dievini.

16 Equity

As of 30 November 2016, the share capital consisted of 12,927,564 (30 November 2015: 9,305,608) no par value bearer shares with a notional value of €1.00 per share.

Three capital increases were implemented during the reporting period. The first two corporate actions were completed on 9 December 2015 and entered in the Commercial Register on 11 December 2015.

Initially, the share capital was increased by 10% by way of a private placement excluding shareholders' subscription rights. Main shareholder dievini acquired all 930,560 new no par value bearer shares from authorized capital at an issue price of €1.84, in a first step raising the share capital from €9,305,608.00 to €10,236,168.00.

A capital increase using authorized capital including subscription rights of all shareholders was subsequently implemented. WILEX shareholders acquired all 443,124 new shares by exercising their subscription and additional subscription rights at a subscription price of €1.84 per share. dievini exercised all of its subscription rights and also subscribed shares as part of the additional subscription. Accordingly, this second capital increase lifted the Company's share capital from €10,236,168.00 to €10,679,292.00.

In a third capital increase that was completed in April 2016 and entered in the Commercial Register on 27 April 2016, 2,248,272 shares were made available for subscription and additional subscription by means of a capital increase from authorized capital. A total of 1,074,845 new no par value bearer shares at a price of €1.84 per share were subscribed by exercising subscription and additional subscription rights by the end of the subscription period on 22 April 2016. Thereby, shareholders exercised subscription rights for a total of 1,035,286 new shares. This meant that 1,212,986 new shares were available for additional subscription by shareholders, of which 39,559 new shares were allocated to the shareholders through their custodian banks in connection with the capital increase. The 1,173,427 new shares not subscribed by exercising subscription and additional subscription rights were taken up by dievini by way of a private placement at the same price of €1.84. After the implementation of the capital increase was entered in the Commercial Register, the Company's share capital increased from €10,679,292.00 to €12,927,564.00.

The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserves" respectively. For the most part, the capital reserve includes the premiums exceeding the par value from the issue of new shares from capital increases as well as staff costs in connection with stock options granted, and the effect from the shareholder waiver of loan repayment made by UCB S.A., Brussels, Belgium (UCB) in fiscal year 2014.

The following shares were issued in the reporting period:

Issue date	Entry in the commercial register	Number of shares	€
On 30 Nov. 2014		**7,818,876**	**7,818,876**
07 April 2015	10 April 2015	1,486,732	1,486,732
On 30 Nov. 2015		**9,305,608**	**9,305,608**
09 Dec. 2015	11 Dec. 2015	930,560	930,560
09 Dec. 2015	11 Dec. 2015	443,124	443,124
25 April 2016	27 April 2016	2,248,272	2,248,272
On 30 Nov. 2016		**12,927,564**	**12,927,564**

Since the mandatory application of IFRS 2 in respect of the accounting for stock options, the value of the capital reserves is adjusted every quarter in line with the additional expenses resulting from the share-based model. A total of €78 thousand (previous year: €46 thousand) was recognized in this context in the period under review (see note 24).

Furthermore, the waiver of repayment of the shareholder loan which came about due to discontinuation in 2014 of the partnership with UCB (€2.5 million) resulting from the September 2014 contractual arrangement, including the interest accrued up to that point (€100 thousand), in the past had to be recognized as an addition to the capital reserves.

As of the reporting date of 30 November 2016, the capital reserves amounted to € 191,077 thousand (previous year: € 188,034 thousand). The accumulated losses since the start of the Company's business activities in 1997 totaled €194,248 thousand as of the end of the fiscal year (previous year: €187,859 thousand).

17 Pension obligations

WILEX has one defined benefit pension commitment, but otherwise maintains only defined contribution pension plans. With the exception of the defined benefit pension commitment, all other benefit obligations as part of defined contribution plans are covered by matching reinsurance (in terms of their amounts and maturity). The Company has a reinsurance policy for the defined benefit commitment, which does not have matching coverage.

In 1998, WILEX AG granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014, as part of a deferred benefit of €15 thousand. The commitment guarantees a one-time endowment payment of €47 thousand to the former employee who left the Company in 2014 at the end of his 60th year of life on 1 May 2019, or a disability benefit in the event of disability prior to that date in the amount of 85% of the endowment value, or an equivalent benefit to survivors in the case of death. The plan is therefore not based on the employee's final salary, although in the event of unfavorable capital market developments, a coverage gap could occur between the future one-time payment promised to the beneficiary and the existing plan assets. The amount of the obligation was calculated using the PUC method, and measurement was based on the Heubeck RT2005G actuarial tables. The interest rate used in the calculation was 4.03% (previous year: 3.95%)

As of 30 November 2016, the pension obligation amounted to €37 thousand (previous year: € 34 thousand). The present value of the pension obligation as of

30 November 2016 will amount to €37 thousand (previous year: €34 thousand). The Company holds a reinsurance policy that serves as plan assets and cover for the plan. The policy was funded with a one-time payment of €15 thousand on 31 January 2000.

The plan assets as the present value of the actuarial reserve of the reinsurance policy was valued at €30 thousand as of 30 November 2016 (previous year: €29 thousand). The net liability resulting from the defined benefit pension plan is therefore €7 thousand (previous year: €5 thousand), which is reported under pension obligations. No service cost was recognized in the reporting year or the previous fiscal year. In fiscal year 2016, the interest income was €1 thousand (previous year: €1 thousand) and the interest expense was €3 thousand (previous year: €6 thousand). The net interest expense therefore amounted to €2 thousand in (previous year: €5 thousand). No payouts have been made to date.

A total of €13 thousand was paid into Heidelberg Pharma's defined contribution pension plan in the reporting period (previous year: €13 thousand) and included in the staff costs for the fiscal year. There is also a pension commitment in respect of an employee who has since retired and in respect of Dr. Jan Schmidt-Brand, in relation to which reinsurance was arranged for the respective commitment amounts.

18 Liabilities and provisions

Current **trade payables** decreased from €279 thousand in the 2015 fiscal year to €132 thousand in the fiscal year under review, and were mainly incurred for services and consulting provided.

In the 2015 fiscal year, **provisions** for staff costs and potential litigation in connection with the lay-offs during restructuring were recognized in the amount of €60 thousand; these were utilized during the past fiscal year and could be reversed in part to profit or loss.

In addition, a provision set up in 2015 continued to be recognized as of 30 November 2016 in the unchanged amount of €408 thousand for the event the Company were held liable for a rent guarantee furnished to the landlord of Nuclea (legal successor to WILEX Inc.) for its rent liabilities. Due to the now insolvent Nuclea's prolonged difficulties with rent payment, the landlord asserted claims against WILEX AG arising from the rent guarantee. During the fiscal year, there were no additions to, utilization of, or reversals or discounting of this provision.

Provisions are by definition associated with uncertainty in terms of their amount and timing. However, WILEX is confident that there will be an outflow of economic benefits in the first half of the year.

Other current liabilities included the following:

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
Obligation for holidays not taken	132	138
Other deferred income	70	197
Social security and other taxes	135	138
Accrued liabilities	853	1,395
Other current liabilities	**1,190**	**1,869**

The **accrued liabilities** are composed as follows:

	30 Nov. 2016 in €'000	30 Nov. 2015 in €'000
Employee bonuses and profit-sharing bonuses	137	372
Costs for preparing the financial statements	119	120
Service anniversary payments	0	3
Deliveries/services	597	900
Total	**853**	**1,395**

WILEX recognizes accruals for goods and services where it has a current obligation arising from the supply of goods and services received. Accruals were recognized in the amount of the payment outflow required to fulfill the current obligation. Most obligations in this category comprise external research and development costs of service providers in connection with preclinical work and trials, as well as the cost of production for the basic material.

The year-over-year decrease is due to the reduced business activities of WILEX AG.

Employee bonuses are granted depending on the performance of the Company and of individual employees or members of the Executive Management Board, and are due for payment in the following fiscal year. The year-over-year decrease is attributable to the fact that in the previous year, the provision included items such as Executive Management Board bonuses for 2014 and 2015, some of which were not utilized in 2016 based on a resolution by the Supervisory Board. The provision for employee bonuses and profit-sharing bonuses as of 30 November 2016 was recognized only for the fiscal year ended.

As in the previous year, the other current liabilities have a remaining life of less than one year.

19 Financial liabilities

Financial liabilities in the amount of €3,748 thousand are attributable to the shareholder loan and include the loan disbursement from dievini (€3,730 thousand) and the resulting interest liability (€18 thousand) (see notes 3.2 and 6).

20 Other disclosures on financial instruments

Carrying amounts and fair values follow from the table below. In addition, the financial instruments were broken down into categories pursuant to IAS 39 (see note 3.14):

in €'000	Measurement category according to IAS 39	Measurement as of 30 Nov. 2016		Measurement as of 30 Nov. 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	Loans and Receivables	91	91	367	367
Cash and cash equivalents	Loans and Receivables	4.574	4.574	1.306	1.306
Trade payables	Financial Liabilities Amortized Cost	132	132	(279)	(279)
Financial liabilities	Financial Liabilities Amortized Cost	3.748	3.748	0	0
Total		**8.545**	**8.545**	**1.394**	**1.394**
Aggregation by measurement criteria	Loans and Receivables	4.665	4.665	1.673	1.673
	Financial Liabilities Amortized Cost	3.880	3.880	(279)	(279)

Trade receivables all have remaining maturities of less than one year. No default risks are discernible in connection with the assets.

The carrying amounts of other assets and liabilities such as cash and cash equivalents as well as trade payables correspond to their fair values on account of their current nature.

With the exception of the payment recognized in profit or loss received during the fiscal year relating to the receivable from Nuclea that was written off in 2015 (€162 thousand) and the interest expense arising from financial liabilities due to the shareholder loan from dievini (€18 thousand), no expense and/or income was incurred for loans or receivables, or for financial liabilities carried at amortized cost. A total of €18 thousand were recognized as interest expense related to financial liabilities.

The table below presents the reconciliation of the balance sheet items related to the classes of financial instruments broken down by carrying amount and fair value.

in €'000	Measured at amortized cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30 Nov. 2016
	Carrying amount	Fair value			
Assets					
Trade receivables	91	91	0	0	91
Cash and cash equivalents	4,574	4,574	0	0	4,574
All other recognized assets	0	0	0	10,576	10,576
Total assets	**4,665**	**4,665**	**0**	**10,646**	**15,241**
Equity and liabilities					
Trade payables	(132)	(132)	0	0	(132)
Financial liabilities (current)	(3,748)	(3,748)	0	0	(3,748)
Equity and all other recognized liabilities	0	0	0	(11,361)	(11,361)
Total equity and liabilities	**(3,880)**	**(3,880)**	**0**	**(11,431)**	**(15,241)**

The following figures apply to the previous year:

in €'000	Measured at amortized cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30 Nov. 2015
	Carrying amount	Fair value			
Assets					
Trade receivables	367	367	0	0	367
Cash and cash equivalents	1,306	1,306	0	0	1,306
All other recognized assets	0	0	0	10,429	10,429
Total assets	**1,673**	**1,673**	**0**	**10,429**	**12,102**
Equity and liabilities					
Trade payables	(279)	(279)	0	0	(279)
Equity and all other recognized liabilities	0	0	0	(11,823)	(11,823)
Total equity and liabilities	**(279)**	**(279)**	**0**	**(11,823)**	**(12,102)**

Fair value hierarchy levels

In accordance with IFRS 13.76 ff., WILEX uses hierarchy levels to determine and disclose the fair value of financial instruments (see note 5.2). In 2015 and 2016, all assets and liabilities were assigned to hierarchy level 1.

Fair value is determined using the same assumptions and taking into account the same characteristics of an asset or a liability on which independent market participants would base their assessment. For assets that the Group holds and liabilities that the Group reports, the quoted market price in each case is the bid price.

As of the balance sheet date, the Company held no underlying financial instruments measured at fair value. In 2016 and 2015, there were no reclassifications of items between fair value hierarchy levels.

Risks from financial instruments:

In respect of risks from financial instruments, see for example the section on the management of financial risks (see note 5).

Financial instruments with an inherent default and liquidity risk mainly comprise cash and cash equivalents, financial assets as well as other receivables. The carrying amounts of the financial assets generally reflect the maximum default risk.

Most of the cash and cash equivalents (€4,574 thousand; previous year: €1,306 thousand) are denominated in euros, with a smaller amount denominated in US dollars, and have been invested essentially with banks belonging to the German Deposit Insurance Fund and/or the deposit assurance fund of the German Savings Banks Organization. But WILEX monitors the positions held and the respective bank's credit rating on an ongoing basis nonetheless. No such risks were identifiable at the reporting date.

Since the Company's cash and cash equivalents as of the reporting date were invested exclusively in demand deposits and current accounts, the Company believes there is no

interest rate risk and cash and cash equivalents would not react sensitively to interest rate changes.

The Company is exposed to a liquidity risk given both its business model and the still insufficient cash flows from the marketing of its own products. WILEX employs a rolling, monthly cash flow planning and age analysis in order to be able to recognize liquidity risks in due time. WILEX was able to meet its payment obligations at all times in the fiscal year just ended.

The trade receivables (€91 thousand; previous year: 367 thousand) at the close of the fiscal year were attributable to business customers; they were invoiced as of the 30 November 2016 reporting date or immediately preceding it. No trade receivables were past due as of the reporting date (see note 14). No bad debt allowances are necessary in the Executive Management Board's view because WILEX does not expect any default risks to arise.

WILEX is also exposed to a market risk, e. g. from changes in interest rates, and a currency risk from the euro's exchange rate vis-à-vis other currencies. This exchange rate risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable. WILEX reviews the need for foreign currency hedges on an ongoing basis during the year but does not engage in any hedging. Instead, WILEX aims to pay liabilities in foreign currencies using existing bank balances in the respective currency in order to keep the risk of exchange rate fluctuations as low as possible.

As of 30 November 2016, there were no foreign currency risks concerning trade payables.

A portion of WILEX's sales revenue was affected by the given USD/euro foreign exchange rate in the past. Both the up-front payments and the milestone payments were one-off cash transactions that were translated at the reporting date exchange rate, and recognized as revenue or accrued. However, in the 2016 and 2015 fiscal year no sales revenue was generated in USD. Accordingly, an increase by 10% in the average exchange rate applied (i.e. the USD appreciates vis-à-vis the euro) would have had as little effect on sales revenue in 2016 and 2015 as a decrease in the average exchange rate by 10% (i.e. the USD depreciates vis-à-vis the euro).

The resulting cash and cash equivalents in USD are therefore exposed to foreign currency risks. WILEX monitors the USD exchange rate throughout the year in order to intervene as necessary by selling or buying foreign currencies without however hedging such transactions by means of derivative financial instruments. Cash and cash equivalents in USD as of the 30 November 2016 reporting date were equivalent to €88 thousand (30 November 2015: €49 thousand).

Given the contractually fixed interest rates and short maturities and the agreement concerning the shareholder loan, potential market-driven interest rate fluctuations do not have material effects on the financial assets and liabilities.

Non-derivative financial liabilities in the form of trade payables must be classified as current. As a rule, trade payables are due within one month.

21 Sales revenue

Sales revenue in the fiscal year just ended totaled €1,362 thousand (previous year: €2,284 thousand).

	2016 in €'000	2015 in €'000
Sales revenue from the provision of services	1,268	1,909
Sales revenue from royalties	94	375
Sales revenue	**1,362**	**2,284**

All sales revenue from the provision of services was generated by Heidelberg Pharma. Of that amount, the service business accounted for €1.0 million (previous year: €1.0 million) and the ADC technology accounted for €0.2 million (previous year: €0.9 million).

Sales revenue from royalties (€0.1 million) stems from a milestone-based payment made by Link Health Co., Guangzhou, China, (Link Health) for the out-licensing of MESUPRON®.

22 Other income

Other income (€1,381 thousand; previous year: €1,638 thousand) comprises the following items:

Other income	2016 €'000	2015 €'000
Income from grants	763	328
Income from the reversal of liabilities and provisions not utilized to date	387	887
Nuclea income	162	0
Income from sublease and sales of fixed assets	12	303
Income from exchange rate gains	8	27
Other items	49	93
Total	**1,381**	**1,638**

At €1.4 million, other income was down compared to the previous year (€1.6 million). This was primarily due to grants provided by the Federal Ministry of Education and Research (BMBF) that support the Rhine-Neckar biotech location as an excellence cluster for "cell-based and molecular medicine in the Rhine-Neckar metropolitan region" and Heidelberg Pharma projects in the amount of €0.8 million (previous year: €0.3 million).

Furthermore, income of €0.4 million (previous year: €0.9 million) was generated from unutilized accrued liabilities, most of which were subject to limitation. In addition to other items, income of €0.2 million was recorded from the loan agreement with Nuclea for the sale of the former subsidiary WILEX Inc.

23 Types of expenses

The statement of comprehensive income breaks down operating expenses into the following categories:

- Production
- Research and development
- Administration
- Other

Operating expenses including depreciation, amortization and impairment losses fell by around 12.8% to €9,104 thousand in 2016 (previous year: €10,438 thousand).

Operating expenses	**2016 in €'000**	**2015 in €'000**
Cost of sales	809	1,140
Research and development costs	6,119	4,445
Administrative costs	1,954	4,512
Other expenses	222	341
Total	**9,104**	**10,438**

Cost of sales includes costs directly related to revenue from services provided. At €809 thousand, the cost of sales was lower than in the previous year (€1,140 thousand), which was in line with the reduction in sales revenue and represents 9% of total costs. These costs mainly related to Heidelberg Pharma expenses for customer-specific research.

Research and development (R&D) costs rose by 38% from €4,445 thousand in the previous year to €6,119 thousand due to the expansion of R&D activities at Heidelberg Pharma. R&D costs thus accounted for 67% of all costs.

Administrative costs were €1,954 thousand, down 56% on the prior-year level (€4,512 thousand) and accounting for 22% of operating expenses. This item also includes legal consulting costs for the restructuring measures and, broadly speaking, costs for the Annual General Meeting and the stock market listing.

Administrative costs in the previous year included the write-off in full of a receivable (€1,645 thousand) from Nuclea, the legal successor to the former WILEX Inc., as the result of prolonged payment difficulties and the recognition through profit or loss of a provision set up in the event the Company is held liable under a rent guarantee in respect of Nuclea's lessor (€408 thousand).

Regardless of these two one-off costs, administrative cost savings of around €0.5 million were achieved in 2016, especially due to the parent company's significantly more favorable rental situation.

Other expenses for business development, marketing and commercial market supply activities amounted to €222 thousand (previous year: €341 thousand) – down 35% compared to the previous year – and accounted for 2% of operating expenses.

The following expenses are recognized in the statement of comprehensive income:

	2016 in €'000	2015 in €'000
Staff costs	3,836	3,853
Travel costs	99	122
Rental expenses (incl. utilities)	306	678
Laboratory and other internal costs	1,244	1,141
External research and development costs	1,804	966
Legal and consulting costs	784	849
Depreciation, amortization and impairment losses	280	312
Other expenses	751	2,518
Total	**9,104**	**10,438**

Rental expenses were down considerably in Munich in 2016. This contrasted with the higher costs required to maintain the technical systems in the Heidelberg Pharma building in Ladenburg.

Laboratory and other internal costs include expenses for inventories of €32 thousand (previous year: €89 thousand). External research and development costs comprise the cost of purchased services. They fell year-over-year due to the expansion of research and development work at Heidelberg Pharma.

Legal and consulting costs remained below the previous year's level in spite of the numerous efforts in connection with financing, business development and sales. This expense item contains the cost of conventional legal representation as well as consulting costs related to business development and administration, costs related to industrial property rights and patents and costs related to the development of ongoing research and development activities.

After the extensive impairment losses recognized in 2014 in connection with the gradual wind-up of clinical development activities at the Munich site, depreciation, amortization and impairment losses fell slightly in 2016 year-over-year due to a continued reduction in the basis of depreciation and amortization and despite the investments made in the laboratory and building at the Ladenburg site.

Other expenses in 2015 mainly comprised expenses relating to the impairment loss on the Nuclea loan (€1,645 thousand) and for the recognition of a provision for a possible rent guarantee (€408 thousand). Excluding these two one-off items, other expenses would have increased year-over-year in 2016.

The expenses contained in the statement of comprehensive income include €809 thousand in costs of sales (previous year: €1,140 thousand).

24 Staff costs

Staff costs are comprised as follows:

	2016 in €'000	2015 in €'000
Wages and salaries	2,838	2,874
Social security costs	474	452
Bonuses	358	146
Expense from the measurement of stock options	78	46
Other staff costs	88	336
Total staff costs	**3,836**	**3,853**

The wages and salaries item no longer includes any staff-related expenses for restructuring measures (previous year: €30 thousand).

The wages and salaries and social security costs items differ only marginally from the previous year due to the similar employee numbers and breakdown. Higher expenses for bonuses are attributable to the reversal in the previous year of unused bonus provisions resulting from the decision made by the Supervisory Board to not pay bonuses to the Executive Management Board for fiscal years 2013 and 2012.

Other staff costs mainly comprise expenses for training and continuing education, occupational safety and pensions.

In the comparative periods, WILEX employed the following number of staff on average:

	2016	2015
Administration	13	14
Manufacturing, service and distribution	16	16
Research and development	24	21
Average number of employees*	**53**	**51**

* including the Executive Management Board

The granting of stock options in accordance with IFRS 2 "Share-based Payments" resulted in higher staff costs of €78 thousand in 2016 (previous year: €46 thousand). This was due to the new issue of stock options as part of the 2011 Stock Option Plan.

In the meanwhile, the authorization to grant stock options from the 2005 and 2011 Stock Option Plans expired. Currently, no new options can be issued, because no new plan has been set up.

The following is a breakdown of stock option plan measurement in the reporting year:

2005 Stock Option Plan (2005 SOP)

Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Grant date	30 Dec. 05	31 Jan. 06	28 Feb. 06	30 Apr. 06	30 Sep. 06	30 Sep. 07	31 Oct. 07	30 Sep. 10
Options outstanding at the beginning of the reporting period	318,388	167,343	85,078	3,040	148,635	25,200	152,000	59,994
Options granted during the reporting period	0	0	0	0	0	0	0	0
Options forfeited (returned) during the reporting period	0	0	0	0	0	0	0	0
Options exercised during the reporting period	0	0	0	0	0	0	0	0
Options expired during the reporting period	318,388	167,343	85,078	3,040	148,635	0	0	0
Options outstanding at the end of the reporting period	0	0	0	0	0	25,200	152,000	59,994
Options exercisable as of 30 Nov. 2016	0	0	0	0	0	25,200	152,000	59,994
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

The options defined as vested in the table above cannot be exercised until the next exercise window, according to the option terms. At that point, they can be exercised provided that WILEX AG's share price then is still 10% higher than the relevant reference price. During the past fiscal year, 722,484 options from the 2005 Stock Option Plan expired, including 579,335 options held by former members of the Executive Management Board and 143,149 options held by current and former employees. No options were returned due to beneficiaries leaving the Company during the year. No stock options were exercised. The remaining options issued under tranches 6 through 8 are now available for exercise because the waiting period has expired and the options have vested. At the end of the reporting period, 237,194 stock options from the 2005 SOP were outstanding.

The fair value of stock options has been calculated on the basis of a binominal model. The fair values are illustrated in the following. Settlement is carried out in equity securities.

	Issue date	Expected term	Share price on issue date €	Total term	Exercise price (on issue date) €	Volatility	Risk-free interest rate	Option value (rounded) €
Tranche 1	30 Dec. 2005	24 months	6.90	10 years	5.52	42.54%	2.86%	2.42
Tranche 2	31 Jan. 2006	24 months	6.90	10 years	5.52	40.40%	2.97%	2.36
Tranche 3	28 Feb. 2006	25 months	6.90	10 years	5.52	41.69%	3.06%	2.44
Tranche 4	30 Apr. 2006	24 months	6.90	10 years	5.52	40.61%	3.44%	2.40
Tranche 5	30 Sep. 2006	24 months	6.90	10 years	5.52	43.25%	3.56%	2.48
Tranche 6	30 Sep. 2007	24 to 48 months	9.84	10 years	9.73	45.3% - 47.4%	4.06% - 4.15%	2.92 to 4.08
Tranche 7	31 Oct. 2007	24 to 47 months	9.02	10 years	9.62	47.4% - 50.1%	4.06% - 4.08%	2.55 to 3.57
Tranche 8	30 Sep. 2010	24 to 48 months	4.70	10 years	4.34	61.7% - 72.0%	0.72% - 1.20%	1.96 to 2.33

An expected dividend yield of 0% was assumed for all eight tranches as of the measurement date. The stock options had the following maximum terms as of the reporting date:

	Issue date	30 Nov. 2016	30 Nov. 2015
Tranche 1	30 Dec. 2005	-	0.08
Tranche 2	31 Jan. 2006	-	0.17
Tranche 3	28 Feb. 2006	-	0.24
Tranche 4	30 Apr. 2006	-	0.41
Tranche 5	30 Sep. 2006	-	0.83
Tranche 6	30 Sep. 2007	0.83	1.83
Tranche 7	31 Oct. 2007	0.92	1.92
Tranche 8	30 Sep. 2010	3.83	4.83

WILEX no longer incurred any costs in 2016 under the 2005 Stock Option Plan.

Taking into account a capital reduction completed in 2014, four of these stock options entitle the holder to the acquisition of one new share in return for payment of the exercise price,

After the rights issue in April 2015 in which new shares were offered at a subscription price of €2.80, the exercise price was a uniform €11.20 as of the balance sheet date (and thus also on average). The new reference price is therefore €11.20 + 10% x €11.20 = €12.32.

2011 Stock Option Plan (2011 SOP)

The Annual General Meeting resolved on 18 May 2011 to authorize WILEX AG to issue a total of 809,488 stock options as part of the 2011 Stock Option Plan to employees of WILEX AG and its affiliates.

Taking into account a capital reduction completed in 2014 at a ratio of 4:1 for the issue in March 2012 (Tranche 1), four stock options entitle the holder to the acquisition of one no par value bearer share of WILEX AG at an exercise price of €3.53. As a result, the conversion price for one share is €3.53 x 4 = €14.12. The reference price is €3.53 + 20% x €3.53 = €4.24. This does not affect the issue of Tranche 2 in June 2016 because it took place after the capital reduction.

The first time the stock options can be exercised is after a lock-up period of four years from the respective issuing date. The stock options can only be exercised if WILEX's share price during the ten trading days preceding the start of the relevant exercise period ("reference price") exceeds the exercise price by at least 20% (absolute performance target). Furthermore, it must be noted that the options can only be exercised as long as the reference price exceeds the exercise price at least by the ratio by which the TecDAX on the last trading day prior to the relevant exercise period exceeds the TecDAX on the issuing date (relative performance target). The payout amount per employee for the exercised stock options continues to be limited to three times the annual gross remuneration (including all benefits subject to income tax, such as company cars, etc.) that the beneficiary received from the Company or its affiliates in the twelve months preceding the exercise date (cap agreement).

In view of the terms of exercise under the option plan, the rights issues completed in the fiscal year ended (see note 17) have no effect on the exercise price or the option ratio because the share capital increase granted direct subscription rights to shareholders.

During the fiscal year ended, 415,227 new stock options were issued under Tranche 2 from the 2011 SOP to members of the Company's Executive Management Board (252,000 options) and employees of the Company (163,227 options).

The stock options granted under the 2011 SOP developed as follows in FY 2016:

	Tranche 1	**Tranche 2**
Grant date	30 March 2012	02 June 2016
Options outstanding at the beginning of the reporting period	183,210	0
Options granted during the reporting period	0	415,227
Options forfeited (returned) during the reporting period	0	0
Options exercised during the reporting period	0	0
Options expired during the reporting period	0	0
Options outstanding at the end of the reporting period	183,210	415,227
Options exercisable as of 30 November 2016	0	0
Maximum term	10 years	10 years

The 2011 SOP was classified and measured as an equity-settled share-based payment. The fair value of the capital reserves to be recognized as a liability due to the stock option plan was calculated based on a Monte Carlo model. In the fiscal year just ended, there was no change to the plan, and it was not revoked.

WILEX incurred the following costs in 2016 under the 2011 Stock Option Plan:

	2016 €'000	2015 €'000
Expenses for the period from 2011 stock option plan	78	46

Measurement is based on the following parameters:

	Tranche 1	Tranche 2
Measurement date	30 March 2012	02 June 2016
Exercise price (uniform and therefore also average)	€3.53	€1.89
Price of the WILEX share as of the measurement date (for Tranche 1 before 1:4 capital reduction)	€3.82	€1.83
Expected vesting period until the measurement date	4.81 years	3.95 years
Expected volatility of the WILEX share	57.83%	89.42%
Expected dividend yield of the WILEX share	0.00%	0.00%
Risk-free interest rate	0.61%	-0.47%
Maximum term	10 years	10 years

The expected volatility was calculated based on the historical volatility of the WILEX share over the past nine-and-a-half years since its IPO in November 2006.

The fair value of the stock options granted in the 2012 fiscal year as part of the 2011 SOP amounted to €2.13 per option as of the measurement date. The fair value of the stock options granted in the 2016 fiscal year amounted to €1.41 per option as of the measurement date.

A total of 598,437 options – 337,500 for existing or former members of the Executive Management Board and 260,937 for existing or former employees of WILEX AG and Heidelberg Pharma – were outstanding under the 2011 plan as of the end of the fiscal year.

WILEX issued a total of 1,847,157 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 835,631 options (487,500 for current or former Executive Management Board members and 348,131 for current or former employees) were outstanding and of which 472,308 options had vested as of the end of the reporting period (267,000 for current or former Executive Management Board members and 205,308 for current or former employees).

25 Net currency gains/losses

WILEX posted a currency gain of €8 thousand and a currency loss of €6 thousand in the 2016 fiscal year, which resulted in a net currency gain of €2 thousand (previous year: €25 thousand).

26 Financial result

	2016 in €'000	2015 €'000
Interest income from bank accounts/Other	1	3
Finance income	**1**	**3**
Interest expense from leasing and current liabilities to banks	(2)	0
Interest expense from shareholder loans and others	(18)	(1)
Finance costs	**(20)**	**(1)**
Financial result	**(19)**	**3**

The negative financial result as compared with the previous year is attributable to the interest expense for the shareholder loan extended by dievini.

27 Income taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the fiscal year ended, with the exception of €9 thousand in foreign withholding tax. Neither expenses nor income from deferred taxes were included in tax expenses in 2015 and 2016.

Deferred tax assets or liabilities were determined using the tax rates in effect in each case. A composite tax rate of 32.98% (previous year: 32.98%) was applied to the parent company, WILEX AG, which is comprised of a corporation tax rate of 15% (previous year: 15%), solidarity surcharge of 5.5% (previous year: 5.5%) and municipal trade tax of 17.15% (previous year: 17.15%).

A tax rate of 28.43% (unchanged from the previous year) was applied to the subsidiary Heidelberg Pharma.

The reported current tax expense deviates from the expected tax income. The nominal tax rate of 32.98% (previous year: 32.98%) must be applied to income in accordance with IFRSs. Reconciliation of the differences is shown in the following table:

	2016 €'000	2015 €'000
Earnings before tax	(6,380)	(6,514)
Tax rate	32.98%	32.98%
Expected tax income	**2,104**	**2,148**
Deferred taxes on losses for the period not qualifying for recognition	(1,927)	(2,092)
Change in non-recognized temporary differences	9	126
Non-deductible operating expenses/Other	(177)	(144)
Reported tax expense	**9**	**38**

The existing deferred tax assets and deferred tax liabilities as of 30 November are attributable as follows:

	2016 €'000	2015 €'000
Deferred tax assets		
Intangible assets	0	5
Other non-current assets	884	641
Different carrying amount of the equity investment	109	109
Recognized tax loss carryforwards	692	706
	1,685	**1,462**
Deferred tax liabilities		
Intangible assets	726	731
Property, plant and equipment	0	16
Other non-current assets	613	369
Other liabilities / provisions	333	312
Other	13	34
	1,685	**1,462**
Deferred income taxes, net	**0**	**0**

As in the previous year, €109 thousand of the deferred tax assets resulted from outside basis differences in respect of different measurements of the equity investment.

Applying IAS 12.74, deferred tax assets and liabilities have been offset, since they exist vis-à-vis the same taxation authority and arise in the same periods. Deferred tax assets on loss carryforwards are recognized only in an amount that corresponds to the amount in which deferred tax liabilities offset such deferred tax assets.

As further losses can be expected in the foreseeable future, no deferred tax assets were recognized regarding the following:

	2016 €'000	2015 €'000
Loss carryforwards		
for corporation tax	231,286	225,431
for trade tax	228,308	222,454
Deductible temporary differences	**0**	**0**
Loss carryforwards used or offset	**2,475**	**2,526**

The tax loss carryforwards shown in the table above are mainly attributable to WILEX AG (corporation tax loss carryforward of €173,522 thousand; municipal trade tax loss carryforward of €170,544 thousand) and may be carried forward indefinitely. Other tax loss

carryforwards concern the subsidiary Heidelberg Pharma. Heidelberg Pharma has €57,764 thousand in losses carried forward for corporation tax and municipal trade tax purposes. Deferred tax assets (amounting to €692 thousand) were recognized in the fiscal year just ended for €2,475 thousand in tax loss carryforwards and offset against correspondingly high deferred tax liabilities.

Note the following in regards to the tax loss carryforwards available to WILEX AG and Heidelberg Pharma: The deduction of existing losses carried forward is excluded if the company carrying forward these losses loses its tax identity. In accordance with Section 8 (4) German Corporation Tax Act (version applicable until the end of 2007), a company is deemed to have lost its tax identity if the two following criteria are met cumulatively: (i) more than 50% of the shares in the company have been transferred and (ii) the company continues or relaunches its operations mainly with new assets. The legal limit on deductibility of operating losses applies to corporation tax and municipal trade tax.

In fiscal year 2016, WILEX AG was subject to a tax audit for the period from 2011 to 2014. Since the audit did not result in any changes in the tax base, the final determination was made that the loss carryforwards accrued by 31 December 2014 amounted to €169.2 million (corporation tax) and €166.2 million (trade tax).

Effective 1 January 2008, under amended Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carryforwards whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act, the capital increases carried after 2010 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards.

Corporations that rely on new shareholders or a change of shareholders for purposes of financing are expected to be able to continue to utilize as yet unused tax loss carryforwards as long as they still operate the same business following the change of shareholders. In December 2016, the existing rules in Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) were supplemented retroactively to 01 January 2016 with the new Section 8d German Corporation Tax Act. According to the new regulation, a loss will not be eliminated as per Section 8c German Corporation Tax Act, if the following conditions are met:

- The business operated for at least three years remains unchanged.
- The corporation is not permitted to take a stake in a partnership.
- The corporation is not permitted to be or become the parent company of a consolidated tax group.
- No assets under fair market value may be contributed to the corporation.

In 2011, WILEX AG acquired 100% of the shares in Heidelberg Pharma, as a result of which the tax loss carryforwards of €40,286 thousand accumulated by Heidelberg Pharma up to the acquisition date are at risk. The only thing that is not in doubt is that the tax loss carryforwards corresponding to the undisclosed reserves transferred may be retained. The undisclosed reserves result from the difference between the transaction price under German tax law and the equity of Heidelberg Pharma under German tax law; they amount to €12,808 thousand.

A purchase price allocation carried out in connection with this transaction resulted in the identification of intangible assets and goodwill. The deferred tax liabilities determined in connection with the valuation amounted to €800 thousand; they were offset in the same amount by deferred tax assets from tax loss carryforwards taken over. As of 30 November 2016, €726 thousand (previous year: €731 thousand) in deferred tax liabilities were determined; the Company continues to make use of the option to offset them against deferred tax assets in accordance with IAS 12.74.

28 Earnings per share

28.1 Basic

Basic earnings per share are calculated by dividing the net profit for the year available to shareholders by the average number of shares issued during the fiscal year.

(in €'000)	2016	2015
Net loss for the year attributable to equity providers	**(6,389)**	**(6,552)**
Level of capital and corporate actions in the fiscal year		
Number of issued shares at the beginning of the fiscal year (in thousand)	**9,306**	**7,819**
Number of shares newly issued during the fiscal year (in thousand)	3,622	1,487
Number of issued shares at the end of the fiscal year on the 30 November reporting date (in thousand)	**12,928**	**9,306**
Basic earnings per share based on shares issued at the end of the fiscal year (in € per share)	**(0.49)**	**(0.70)**
Average number of shares issued during the fiscal year (in thousand)	**11,981**	**8,776**
Basic earnings per share based on the average number shares issued in the fiscal year (in € per share)	**(0.53)**	**(0.75)**

Basic earnings per share in 2016

In fiscal year 2016, basic earnings per share amounted to €-0.53 based on the average number of issued shares (11,980,894 shares and earnings attributable to equity providers of €-6,389 thousand).

Where reference is made to the number of shares outstanding as of the reporting date (12,927,564 shares), the basic earnings per share therefore amount to €-0.49.

Basic earnings per share in 2015

In fiscal year 2015, basic earnings per share amounted to €-0.75 based on the average number of issued shares (8,776,087 shares and earnings attributable to equity providers of €-6,552 thousand).

As of last year's reporting date, 9,305,608 shares had been issued. After the reporting date but before publication of the financial statements was approved on 30 November 2015, 1,373,684 new no par value bearer shares were issued. The divisor used in the pro-forma calculation of the basic earnings per share taking into account these corporate actions therefore is the average number of shares, i.e., 10,679,292. The basic earnings per share in 2015 thus amount to €-0.61.

28.2 Diluted

The Company's Annual General Meetings in 2005 and 2011 resolved to contingently increase the share capital of the Company. The associated possibility of granting stock option rights to employees and members of the Executive Management Board could potentially dilute the basic earnings per share in future.

However, the basic and diluted earnings per share of WILEX are calculated based on the same number of shares in accordance with IAS 33.47 because the average market price of WILEX shares during the entire period fell below the exercise price of the stock options.

29 Leases, guarantees and obligations

As of the reporting date, a total of €10 thousand in security were made available for finance and operating leases (previous year: €19 thousand).

29.1 Finance leases

Laboratory equipment was purchased in prior periods by means of finance leases subject depreciation on a straight-line basis of the purchase cost in property, plant and equipment. All finance leases have now expired.

WILEX will therefore no longer incur any minimum obligations under finance leases in future reporting periods.

29.2 Operating leases, guarantees and obligations

WILEX has also leased laboratory and office equipment under operating leases, which will expire at different times until 2019. All of the parent company's office premises used at present are rented under indefinite leases that can be terminated by giving three months notice as of the end of a month.

The leases for the premises of the subsidiary Heidelberg Pharma may be terminated on short notice. The cost of office and laboratory equipment as well as office and laboratory premises under the operating leases are reported as other expenses in the statement of comprehensive income, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	**in €'000**
2016	**112**
of which from tenancy agreements	95
of which from operating leases	17
2015	**555**
of which from tenancy agreements	536
of which from operating leases	19

The decrease in expenses is due to the change in WILEX AG's rental situation. The Company was able to terminate the original lease for the office and laboratory space in Munich as of 30 September 2015 with the subsequent lessee assuming all of the lease obligations. From 1 October 2015 onwards, WILEX has rented the – much smaller – offices needed in Munich under a sublease.

WILEX has pledged bank accounts with a balance of €10 thousand as deposit for the landlord. No other guarantees exist.

The future minimum annual payments under tenancy agreements and leases are comprised as follows:

Obligations as of 30 Nov. 2016	**up to 1 year** **in €'000**	**1-5 years** **in €'000**	**more than 5 years** **in €'000**	**Total** **in €'000**
Rental obligations for laboratory and office premises	42	0	0	42
Obligations under operating leases (laboratory and other office equipment, vehicles)	23	25	0	48
	65	**25**	**0**	**90**

Below are previous year's figures:

Obligations as of 30 Nov. 2015	**up to 1 year** **in €'000**	**1-5 years** **in €'000**	**more than 5 years** **in €'000**	**Total** **in €'000**
Rental obligations for laboratory and office premises	77	7	0	84
Obligations under operating leases (laboratory and other office equipment, vehicles)	17	26	0	43
	94	**33**	**0**	**127**

These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. No price adjustment clauses were stipulated, and there is no obligation to purchase the leased equipment once the given lease expires.

As of the 2016 reporting date, the Company has a contingent liability in the context of the 2013 sale of former subsidiary WILEX Inc. to Nuclea. The leasing of premises by the former subsidiary WILEX Inc. was originally based on a sub-lease between Siemens Corporation, NJ, USA, as landlord and WILEX Inc. as sub-letter. As part of the acquisition of Oncogene Science (later: WILEX Inc.), WILEX AG assumed a rental payment guarantee and a guarantee for payment of damages in case of default in respect of the landlord in 2010. After the sale of the entity and as a result of the merger of WILEX Inc. into Nuclea Biotechnologies Inc. (Nuclea) on 6 November 2013, Nuclea entered into the agreement as tenant. The monthly rent amounts to USD 56 thousand, or USD 673 thousand per year. The sub-lease was signed in 2010 for an initial period ending on 31 January 2016. The guarantee furnished by WILEX AG for WILEX Inc. in respect of the landlord remained in effect even after the merger of WILEX Inc. with Nuclea. On the basis of a separate agreement between Nuclea and Siemens Corporation, the lease was extended to 27 February 2019 without the involvement of WILEX AG. Currently, the tenant's rent payments are in arrears for a prolonged period up to 31 January 2016. In accordance with the principle of prudence, WILEX AG has recognized a provision for the liability from the rent guarantee in the amount of €408 thousand. In addition, there is a possibility in the future that the agreement could result in WILEX AG being held liable in respect of the landlord for damages due to the default of the current tenant Nuclea and for rent in arrears from the period after 31 January 2016.

Although Nuclea filed for Chapter 7 bankruptcy on 30 August 2016 – which is comparable to filing for insolvency under German law – WILEX believes that Siemens does not have grounds to assert legal claims against WILEX AG for damages due to default beyond 31 January 2016.

WILEX entered into sub-leases that generated €12 thousand (previous year: €251 thousand). WILEX can expect minimum payments of €8 thousand from existing sub-leases as of the reporting date.

30 Corporate bodies and remuneration

30.1 Executive Management Board

The Executive Management Board members of WILEX AG in reporting period were:

Dr. Jan Schmidt-Brand, Chief Financial Officer and Chief Executive Officer

Professor Andreas Pahl, Chief Scientific Officer (from 2 June 2016)

Dr. Paul Bevan, Head of Research and Development (until 31 March 2016)

In parallel to his work as a member of the Executive Management Board, Dr. Jan Schmidt-Brand acts as the Managing Director of Heidelberg Pharma, a position he has held since 2004. In the interests of transparency, the remuneration of Dr. Schmidt-Brand is presented in full, which means that the amounts that he has earned as Managing Director of the subsidiary Heidelberg Pharma are also listed below.

For reasons of transparency, all remuneration received by Professor Pahl from WILEX AG and the remuneration he received from Heidelberg Pharma during the fiscal year are also presented here. This includes the remuneration he earned as scientific director of Heidelberg Pharma in the period from 1 December to 1 June 2016 prior to his appointment to the Executive Management Board.

30.2 Supervisory Board

The Supervisory Board members of WILEX AG as of 30 November 2016 were:

- Professor Christof Hettich, lawyer and partner at RITTERSHAUS Rechtsanwälte Partnerschaftsgesellschaft mbB, Mannheim/Frankfurt am Main/Munich, Germany; Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany; and Chairman of the Management Board of SRH Holding SdbR, Heidelberg, Germany (Chairman of the Supervisory Board of WILEX AG)
- Dr. Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board of WILEX AG)
- Dr. Friedrich von Bohlen und Halbach, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany
- Dr. Birgit Kudlek, self-employed pharmaceutical manager
- Dr. Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany

Andreas R. Krebs, Managing Director & Partner of CologneInvest GmbH, Cologne, Germany, left the Supervisory Board of WILEX AG effective at the end of the Annual General Meeting on 13 May 2016.

30.2.1 Supervisory Board committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee deals with employment issues and with the remuneration of the members of the Executive Management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. Professor Hettich is the Chairman; Dr. Baur is a member of this committee.

A Research and Development Committee tasked with issues related to WILEX's oncological product candidates also exists. This committee is chaired by Dr. von Bohlen and Halbach; Dr. Kudlek is an additional member.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr. Baur. Its further members are Dr. von Bohlen und Halbach and Dr. Kudlek. Dr. von Bohlen and Halbach will step down from this committee as of the start of the new fiscal year; he will be succeeded by Dr. Hothum.

30.2.2 Other appointments of the Supervisory Board members

In addition to being a member of the Supervisory Board of WILEX AG, Professor Christof Hettich is also the Chairman or a member of the following bodies:

Company	**Position**
Agennix AG i.L., Heidelberg, Germany	Chairman of the Supervisory Board
InterComponentWare AG, Walldorf	Chairman of the Supervisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L.	Chairman of the Advisory Board
immatics biotechnologies GmbH, Tübingen	Vice Chairman of the Advisory Board
SRH Holding SdbR, Heidelberg	(Chairman of the Supervisory Board – currently inactive) Chairman of the Executive Management Board
Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter Pharma-Fertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg	Member of the Advisory Boards
Molecular Health GmbH, Heidelberg, Germany	Member of the Advisory Board
PROMETHERA biosciences AG, Mont-Saint-Guibert, Belgium	Chairman of the Board of Directors

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Georg F. Baur is also the Chairman or a member of the following bodies:

Company	Position
Franz Haniel & Cie. GmbH, Duisburg	Vice Chairman of the Supervisory Board
Hussel GmbH, Hagen	Chairman of the Advisory Board
J.F. Müller & Sohn AG, Hamburg	Chairman of the Supervisory Board
TAKKO Fashion GmbH, Telgte	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Friedrich von Bohlen und Halbach is also the Chairman or a member of the following bodies:

Company	Position
Agennix AG i.L., Heidelberg, Germany	Member of the Supervisory Board
Apogenix AG, Heidelberg, Germany	Chairman of the Supervisory Board
AC Immune SA, Lausanne (Switzerland)	Member of the Board of Directors
Cosmo Pharmaceuticals N.V., Amsterdam, the Netherlands	Non-executive member of the Board of Directors
CureVac AG, Tübingen	Chairman of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i.L.	Member of the Advisory Board
febit Holding GmbH, Heidelberg	Member of the Advisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board
Wyss Translational Center, Zurich, Switzerland	Member of the Evaluation Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Birgit Kudlek is also a member of the following bodies:

Company	Position
STADA Arzneimittel AG, Bad Vilbel, Germany	Member of the Supervisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Mathias Hothum is also the Chairman or a member of the following bodies:

Company	Position
Apogenix AG, Heidelberg, Germany	Member of the Advisory Board
CureVac AG, Tübingen	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L.	Member of the Advisory Board
Joimax GmbH, Karlsruhe, Germany	Chairman of the Advisory Board
Novaliq GmbH, Heidelberg	Member of the Advisory Board

LTS Lohmann Therapie-Systeme AG	Member of the Supervisory Board
Molecular Health GmbH, Heidelberg, Germany	Member of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Andreas R. Krebs was also the Chairman or a member of the following bodies:

Company	**Position**
Merz GmbH & Co. KGaA, Frankfurt am Main	Member of the Supervisory Board and the Shareholders' Council
Merz KGaA, Frankfurt am Main	Chairman of the Advisory Board

The members of the Company's Supervisory Board were not active in any other control bodies at the reporting date above and beyond the activities described in the foregoing.

30.3 Remuneration of corporate bodies

A detailed description of the remuneration model and the information on remuneration of each Executive Management Board and Supervisory Board member are included in the remuneration report, which is part of the combined management report. These disclosures were subject to the audit of the annual financial statements and consolidated financial statements. The remuneration report is included in chapter 6, "Corporate governance," of the combined management report.

30.3.1 Executive Management Board

Remuneration consists of a salary (fixed remuneration), other benefits (non-cash remuneration), a variable remuneration component and a stock option plan with a long-term incentive and risk element.

The members of the Executive Management Board received total remuneration of €587 thousand (previous year: €504 thousand) in fiscal year 2016, €409 thousand (previous year: €355 thousand) of which was fixed remuneration, €139 thousand (previous year: €136 thousand) was variable remuneration and €39 thousand (previous year: €13 thousand) was paid in the form of other benefits or non-cash remuneration.

For information on the remuneration component of the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 fiscal year. As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan). At the same time, following the 4:1 capital reduction, the exercise prices and reference prices quadrupled compared with the situation prior to the measure.

During the year, the serving Executive Management Board members (Dr. Schmidt-Brand and Professor Pahl) were granted a total of 252,000 stock options from this stock option plan with a long-term incentive and a risk element. The two current members of the Executive Management Board thus held a total of 312,000 stock options as of the reporting date.

The cumulative fair value of all stock options granted to the current Executive Management Board members was €450 thousand as of the end of the reporting period (previous year: €529 thousand). The expenses for the current members of the Executive Management Board incurred in connection with the share-based remuneration in the fiscal year just ended totaled €51 thousand (previous year: €21 thousand). The comparison figures for the previous fiscal year refer to the previous Executive Management Board.

30.3.2 Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed remuneration for each full fiscal year of service on the Supervisory Board. Members of a Supervisory Board committee are paid a flat fee per fiscal year and committee. The Supervisory Board members do not receive variable remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

The remuneration paid to Supervisory Board members who were not in service for a full fiscal year is prorated in accordance with the duration of their membership on the Supervisory Board.

In the 2016 fiscal year, the members of the Supervisory Board were paid remuneration of €197 thousand (previous year: €196 thousand) without reimbursement of travel expenses.

31 Related party transactions

Balances and transactions between the Company and its subsidiaries which are related parties were eliminated in consolidation and are not outlined in this note. Details concerning transactions between the Group and other related parties are listed below.

31.1 Shares held by the Executive Management Board and the Supervisory Board

As of 30 November 2016, members of the Executive Management Board held 65,619 shares (representing 0.51% of the Company's share capital of 12,927,564 shares).

Members of the Supervisory Board held 27,005 shares directly and 6,531,262 shares indirectly (representing 0.21% and 50.52%, respectively, of the Company's share capital). Chapter 6.2.3, Shares held by the Supervisory Board and the Executive Management Board, contains a disclosure of the shareholdings of the individual Board members.

31.2 Directors' dealings

As a rule, reportable transactions are published on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Directors' Dealings."

In the 2016 fiscal year, WILEX AG's executives reported the following transactions (directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz).

Name	Date	Transaction[1)]	Marketplace	Price in €	Number	Volume in €
dievini Hopp BioTech holding GmbH & Co. KG (dievini)[1)]	4 Dec. 2015	Purchase[2)]	OTC	1.84	148,897	273,970.48
dievini[1)]	7 Dec. 2015	Purchase[2)]	OTC	1.84	930,560	1,712,230.40
Dr. Jan Schmidt-Brand (CEO/CFO)	8 Dec. 2015	Purchase[2)]	OTC	1.84	1,705	3,137.20
dievini[1)]	11 Dec 2015	Purchase[2)]	OTC	1.84	219,728	404,299.52
dievini[1)]	18 April 2016	Purchase[2)]	OTC	1.84	931,796	1,714,504.64
Dr. Jan Schmidt-Brand	18 April 2016	Purchase[2)]	OTC	1.84	7,901	14,537.84
dievini[1)]	25 April 2016	Purchase[2)]	OTC	1.84	1,173,427	2,159,105.68

Professor Andreas Pahl (CSO)	18 July 2016	Purchase	Munich Stock Exchange	1.755	2,000	3,510.00
Professor Andreas Pahl	18 July 2016	Purchase	XETRA	1.755	4,000	7,020.00
Professor Andreas Pahl	27 Oct. 2016	Purchase	XETRA	1.60	2,500	4,000.00
Professor Andreas Pahl	28 Oct. 2016	Purchase	XETRA	1.60	3,500	5,600.00
Professor Andreas Pahl	1 Nov. 2016	Purchase	XETRA	1.60	4,000	6,400.00

[1] Supervisory Board members, Professor Christof Hettich, Dr. Friedrich von Bohlen und Halbach and Dr. Mathias Hothum, have management responsibilities at dievini Hopp BioTech holding GmbH & Co. KG (dievini), which is a shareholder of WILEX AG.
[2] Within the context of capital increases

31.3 Other transactions

- In 1998, WILEX granted a defined benefit pension commitment to Professor Olaf G. Wilhelm that promises the beneficiary a one-time payment of €47 thousand upon reaching the age of 60 (see note 17). The defined benefit pension commitment is based on plan assets funded with a one-time payment of €15 thousand into a reinsurance policy in 2000. WILEX assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.

  Furthermore, Heidelberg Pharma granted Dr. Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the company for which matching reinsurance was arranged.

- Since 2005, WILEX has issued a total of 1,258,515 subscription rights to current and former members of the Executive Management Board and to individuals who were appointed to the Executive Management Board at a later time under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 364,000), of which 487,500 options were outstanding after returns following employees leaving the Company (2005 Plan: 150,000; 2011 Plan: 337,500).

  As of the end of the reporting period, 267,000 of these options are vested (2005 Plan: 150,000; 2011 Plan: 117,000). No stock options have been exercised to date.

- The Rittershaus law firm invoiced legal consulting services for WILEX AG and Heidelberg Pharma in the amount of approximately €16 thousand in the reporting period. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

No other relationships to related parties exist in addition to the relations and financing services listed. Furthermore, no transactions that were not at arm's length within the meaning of IAS 24.23 were entered into.

31.4 Expenses for the auditors

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft – now Deloitte GmbH Wirtschaftsprüfungsgesellschaft – was appointed the auditor of the company's consolidated financial statements at its Annual General meeting on 13 May 2016. The following fees for services were recorded as expenses in the periods reviewed:

	2016 €'000	2015 €'000
Auditing services	80	80
Other verification services	14	16
Expenses for auditors	**94**	**96**

Audit fees (€80 thousand) solely concern the statutory audit of the consolidated financial statements pursuant to IFRS and the audit of the annual financial statements of WILEX AG pursuant to HGB.

31.5 Disclosures regarding the majority shareholder

Mr. Dietmar Hopp informed us on 13 April 2015 in accordance with section 21 (1) of the German Securities Trading Act that his share of the voting rights of WILEX AG exceeded the 50% voting right threshold on 13 April 2015 and on that day amounted to 51.67% (corresponding to 4,808,356 voting rights based on share capital of €9,305,608.00). A total of 49.83% of the voting rights, or 4,636,818 voting rights, are attributable to Mr Hopp pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act. The attributed voting rights at that time were held via the following companies he controls and whose share of the voting rights of WILEX AG amounts to 3% or higher in each case: Curacyte GmbH, dievini Hopp BioTech holding GmbH & Co. KG, DH-Capital GmbH & Co. KG, DH-Holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH.

In the fiscal year ended, the share of voting rights of Mr. Dietmar Hopp again increased as a result of the three capital increases completed during the year, according to his notice submitted on 06 May 2016.

Since then, his share of the voting rights of WILEX AG has amounted to 63.53% (equal to 8,212,764 voting rights based on share capital of €12,927,564.00). A total of 62.20% of the voting rights, or 8,041,226 voting rights, are attributable to Mr Hopp pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act.

The attributed voting rights are held via the following companies he controls and whose share of the voting rights of WILEX AG amounts to 3% or higher in each case: dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH.

32 Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act

The Declaration of Conformity to be submitted annually in accordance with Section 161 of the German Stock Corporation Act was submitted by the Executive Management Board and the Supervisory Board in February 2017. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

33 Events after the reporting period

33.1 WILEX signs antibody license agreement with Telix Pharmaceuticals

WILEX AG and Australian biopharmaceutical company Telix Pharmaceuticals Limited ("Telix"), announced on 16 January 2017 that they concluded a worldwide license agreement for the development and commercialization of the imaging agent REDECTANE®, a radiolabeled form of the monoclonal antibody Girentuximab which also covers radiotherapy applications. WILEX had previously completed a successful first Phase III trial with REDECTANE®, its radiolabeled form of the antibody Girentuximab, in clear cell renal cell carcinoma (ccRCC).

WILEX has granted Telix the worldwide licensing rights to further develop and commercialize the REDECTANE® molecular imaging program. Under the agreement, Telix will, as a first step, invest in an improved manufacturing process for the antibody. Under the terms of the agreement, WILEX is eligible to receive upfront and milestone payments totaling USD 3.7 million. In addition, WILEX is eligible to receive significant royalties on global net sales of REDECTANE®, commensurate with a Phase III asset. Telix is responsible for all development costs, as well as manufacturing and commercialization costs.

Under the terms of the agreement, if a therapeutic product developed by Telix is ultimately granted marketing approval, WILEX will receive single-digit royalties.

33.2 Heidelberg Pharma exercises option for BCMA antibodies of the Max Delbrück Center and enters into license agreement

In January 2017, Heidelberg Pharma signed a license agreement with the Max Delbrück Center for Molecular Medicine in the Helmholtz Association (MDC) in Berlin covering BCMA antibodies. The license agreement follows an option agreement signed in September 2016.

Financial details are confidential but will not have an impact on WILEX's cash reach.

As a result of a selection and optimization process of the BCMA antibodies, the ATAC candidate HDP-101 was selected and is currently being prepared for clinical development that could start by the end of 2018.

33.3 WILEX AG secures financing commitment from its main shareholder dievini

On 6 February 2017, WILEX announced that it had secured a further financing commitment from its main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany (dievini). Dievini will provide the company up to €10 million. The details of the financing will be decided by the Executive Management Board and the Supervisory Board of WILEX AG with dievini at a later date.

With this additional commitment, the Company's cash reach is secured until the end of the second quarter of 2018.

Munich, Germany, 27 March 2017

WILEX AG, the Executive Management Board

Dr. Jan Schmidt-Brand
CEO/CFO

Professor Andreas Pahl
CSO

The following auditors' report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the annual financial statements of Wilex AG as of and for the financial year ended 30 November 2016 and the combined management report. The combined management report is not included in this Prospectus.

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Wilex AG, Munich, comprising the balance sheet, statement of comprehensive income, notes, cash flow statement and statement of changes in equity, together with the Group management report, which was combined with the management report, for the fiscal year from 1 December 2015 to 30 November 2016. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315 (1) HGB (Handelsgesetzbuch: German Commercial Code) are the responsibility of the Company's Executive Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB (Handelsgesetzbuch „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the parent company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Wilex AG, Munich, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in sections "7 Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made prove to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized.

Mannheim, 27 March 2017

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Buhleier
Wirtschaftsprüfer (German Public Auditor)

Schmidt
Wirtschaftsprüfer (German Public Auditor)

EXCERPT FROM THE ANNUAL REPORT 2016 TO WHICH THE AUDITOR'S OPINION IS REFERRING TO

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 56 of the Company's annual report 2016):

"Going-concern risks

Based on the current status of the Company's technology and licensing prospects, as well as updated planning, the Executive Management Board estimated that cash and cash equivalents available as of the 30 November 2016 reporting date would not be sufficient to fund the Company's business activities for at least the next 12 months.

WILEX's main shareholder therefore issued another financing commitment for €10 million in February 2017. The type and details of financing are contingent on Company and market conditions. The committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

The funding commitment was a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 of the German Commercial Code.

If the Executive Management Board is unable to implement the corporate strategy focused on the ADC technology according to plan, and/or if the Company fails to obtain additional equity funding, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

After the end of the second quarter of the 2018 fiscal year, the WILEX Group and WILEX AG might be unable to meet their payment obligations and/or become overindebted as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardize the Group's and/or consolidated entities' existence as a going concern and shareholders could lose some or all of their invested capital."

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 59 of the Company's annual report 2016):

"Financing risks

WILEX's funding requirements have been reduced due to the fully implemented restructuring program at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or license payments that would significantly extend the Company's cash reach substantially and eliminate the risk of the Company's inability to continue as a going concern. The Company's plan to build a proprietary ATAC pipeline will result in an increase in research and development expenses in the future.

WILEX's main shareholder issued another financing commitment for €10 million in February 2017. Based on the current financial plan, the committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

There is a high risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flow will not be sufficient to ensure financing of the planned business activities beyond Q2 2018. Without additional funding, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardized.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ATAC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ATAC technology and the

service business and find additional collaboration partners is a key pillar of the business model. The success of such partnerships depends not only on upfront payments and milestone payments by licensing and collaboration partners, but also on the ability of these partners to achieve success in clinical development and to generate the projected sales revenue and any resulting license fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. To avoid insolvency, the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, despite the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also section 7.9.2 "7.9.2 Risks related to a possible significant influence of main shareholders" for more information about the risk of depending on main shareholders."

The risks related to a possible significant influence of main shareholders referred to in the section "Financing risks" above reads as follows (page 64 of the Company's annual report 2016):

"Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (Dietmar Hopp and associated companies) hold a material proportion of its shares (approx. 63.53%) and could exercise a significant influence on the Company in the General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of the main shareholder could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in a financing of the Company. The minimal number of shares in freefloat lowers the liquidity of WILEX shares."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 65 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC development candidates and the remaining clinical projects of WILEX AG be out-licensed, currently perceived risks and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardizing the existence of the WILEX Group, the parent company WILEX AG and/or Heidelberg Pharma as a going concern.

THE COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU ("IFRS") AS OF AND FOR THE FISCAL YEAR ENDED 30 NOVEMBER 2015 AND AUDIT OPINION

Consolidated statement of comprehensive income (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	2015 €	2014 €
Sales revenue	22	2,283,864	3,596,634
Other income	23	1,637,574	1,413,104
Income		**3,921,438**	**5,009,738**
Cost of sales	24	(1,139,865)	(1,354,564)
Research and development costs	24	(4,444,590)	(5,571,952)
Administrative costs	24	(4,512,150)	(3,176,893)
Other expenses	24	(341,337)	(482,765)
Operating expenses		**(10,437,941)**	**(10,586,174)**
Operating result		**(6,516,503)**	**(5,576,436)**
Finance income	27	3,166	86,851
Finance costs	27	(545)	(118,073)
Financial result	27	**2,621**	**(31,222)**
Earnings before tax		**(6,513,881)**	**(5,607,658)**
Income tax	28	(37,736)	(93,191)
Net loss for the year		**(6,551,617)**	**(5,700,849)**
Comprehensive income		**(6,551,617)**	**(5,700,849)**
Earnings per share	29		
Basic and diluted earnings per share		(0.75)	(0.73)
Average number of shares issued		8,776,087	7,818,876

Rounding of exact figures may result in differences in all tables of this report.

Consolidated balance sheet (IFRS)

for the financial year as of 30 November 2015

Assets	Note	30.11.2015 €	30.11.2014 €
Property, plant and equipment	9	985,053	1,052,891
Intangible assets	10	2,867,070	2,948,199
Goodwill	10	6,111,166	6,111,166
Financial assets	11	0	1,777,083
Other non-current assets	12	69,980	230,277
Non-current assets		**10,033,268**	**12,119,616**
Inventories	13	279,168	189,710
Prepayments	14	22,451	74,334
Trade receivables	15	366,749	177,359
Other receivables	15	94,604	272,033
Cash and cash equivalents	16	1,305,697	2,196,808
Current assets		**2,068,669**	**2,910,244**
Total assets		**12,101,937**	**15,029,860**

Equity and liabilities	Note	30.11.2015 €	30.11.2014 €
Subscribed capital	17	9,305,608	7,818,876
Capital reserve	17	188,033,840	185,364,837
Accumulated losses	17	(187,859,290)	(181,307,673)
Equity	17	**9,480,158**	**11,876,040**
Pension obligations	18	5,210	0
Other non-current liabilities	19	0	3,048
Non-current liabilities		**5,210**	**3,048**
Trade payables	20	279,205	276,618
Lease liabilities	20	0	77,482
Provisions	20	468,528	730,509
Other current liabilities	20	1,868,837	2,066,162
Current liabilities		**2,616,569**	**3,150,771**
Total equity and liabilities		**12,101,937**	**15,029,860**

Rounding of exact figures may result in differences in all tables of this report.

Consolidated statement of changes in equity (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Capital reserve €	Accumulated losses €	Total €
				155,892,571	3,388,697			
As of 01 December 2013		**31,275,507**	**31,275,507**			**159,281,268**	**(175,606,823)**	**14,949,952**
Stock options	25				26,938			26,938
Net loss for the year							(5,700,849)	(5,700,849)
Effect from capital reduction		(23,456,631)	(23,456,631)	23,456,631				0
Waiver of shareholder loan				2,600,000				2,600,000
Net change in equity								**(3,073,911)**
				181,949,202	3,415,635			
As of 30 November 2014	17	**7,818,876**	**7,818,876**			**185,364,837**	**(181,307,673)**	**11,876,040**

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Capital reserve €	Accumulated losses €	Total €
				181,949,202	3,415,635			
As of 01 December 2014		**7,818,876**	**7,818,876**			**185,364,837**	**(181,307,673)**	**11,876,040**
Stock options	25				46.168			46.168
Net loss for the year							(6,551,617)	(6,551,617)
Capital increase after accounting for capital procurement costs		1,486,732	1,486,732	2,622,835				4,109,567
Net change in equity								**(2,395,883)**
				184,572,037	3,461,803			
As of 30 November 2015	17	**9,305,608**	**9,305,608**			**188,033,840**	**(187,859,290)**	**9,480,158**

Rounding of exact figures may result in differences in all tables of this report.

Consolidated cash flow statement (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	2015 €	2014 €
Net loss for the year		**(6,551,617)**	**(5,700,849)**
Adjustment for items in the statement of comprehensive income			
Stock options	25	**46,168**	26,938
Depreciation, amortisation and impairment losses	24	**311,586**	489,153
Measurement item not relevant for cash flow		**2,324,002**	583,611
Finance costs	27	**545**	118,073
Finance income	27	**(3,166)**	(86,851)
Tax expense	28	**37,736**	93,191
		2,716,871	**1,224,116**
Changes in balance sheet items			
Inventories	13	(89,458)	(111,878)
Trade receivables	15	(225,049)	61,806
Other receivables	15	(1,432,379)	(1,099,275)
Prepayments	14	51,883	31,989
Financial assets	11	1,777,083	(291,793)
Other non-current assets	12	(1,689,418)	302,697
Trade payables	20	1,710	94,344
Financial liabilities	20	0	(37,500)
Provisions	20	(261,981)	(860,307)
Other liabilities	20	905,221	(121,891)
		(962,388)	**(2,031,808)**
Cash flow from operating activities		**(4,797,135)**	**(6,508,542)**
Finance costs paid	27	(690)	(154,942)
Finance income received	27	1,783	43,359
Net cash flow from operating activities		**(4,796,042)**	**(6,620,125)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(199,101)	(195,797)
Purchase of intangible assets	10	(7,924)	0
Net cash flow from investing activities		**(207,026)**	**(195,797)**
Cash flow from financing activities			
Gross issuing proceeds	17	4,162,850	0
Cost of raising the capital	17	(37,077)	0
Repayment of finance leases	30	(23,865)	(38,444)
Net cash flow from financing activities		**4,101,907**	**(38,444)**
Influence of foreign exchange effects on cash and cash equivalents		10,048	131,111
Net change in cash and cash equivalents		**(891,111)**	**(6,723,256)**
Cash and cash equivalents			
at beginning of period	16	2,196,808	8,920,064
at end of period	16	1,305,697	2,196,808

Rounding of exact figures may result in differences in all tables of this report.

Consolidated notes according to IFRSs of the WILEX Group, Munich

for the financial year from 1 December 2014 to 30 November 2015

1 Business and the Company

WILEX was established in 1997 in Munich, Germany, as WILEX Biotechnology GmbH by a team of physicians and oncologists at the Technical University of Munich.

In accordance with the shareholders' resolution of 14 December 2000, amended on 28 February 2001, the Company changed its legal form to become a stock corporation called WILEX AG. The change of name was entered into the commercial register at the district court in Munich on 9 April 2001, under registration number HRB 136670. The Company's registered office is Grillparzerstrasse 18, 81675 Munich, Germany. Since 13 November 2006, the shares of WILEX AG have been listed in the Regulated Market/Prime Standard of the Frankfurt/Main stock exchange using the symbol WL6 (securities identification number A11QVV / ISIN DE000A11QVV0.

"WILEX" will be used as a synonym for the Group hereinafter. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or the subsidiary Heidelberg Pharma GmbH, Ladenburg, Germany are reported.

WILEX AG is a biopharmaceutical company which after implementing an extensive restructuring programme discontinued all clinical development activities at its Munich site and now exercises a holding function as the Group parent. Research and development activities focus on the operations of its subsidiary Heidelberg Pharma GmbH in Ladenburg, which primarily enhances and markets the innovative platform technology for antibody drug conjugates (ADC technology) and also offers preclinical services.

WILEX AG out-licensed the drug candidate MESUPRON® to two partners for further development and subsequent marketing. WILEX has the diagnostic and therapeutic drug candidates REDECTANE® and RENCAREX®, which are available for out-licensing and further development for external partners.

1.1 Consolidated company

Heidelberg Pharma GmbH

On 3 November 2010, WILEX AG had signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG (hereinafter also "Heidelberg Pharma") regarding the acquisition of all shares in Heidelberg Pharma in return for WILEX shares. Following the Extraordinary General Meeting's approval on 15 December 2010 and the recording of the capital increase in the Commercial Register on 17 March 2011, WILEX AG acquired all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for 3,200,000 new WILEX shares subject to the exclusion of shareholders' subscription rights.

Upon recording in the Commercial Register on 17 March 2011 ("acquisition date"), Heidelberg Pharma AG became a wholly-owned subsidiary of WILEX AG and thus an integral part of the WILEX Group. Heidelberg Pharma completed the change in its legal structure from an AG (German stock corporation) to a GmbH (German limited liability company) as of 1 December 2011.

2 Application of new and revised Standards

2.1 New and revised standards and interpretations

First-time application of the following standards and interpretations was mandatory in the past financial year beginning on 1 December 2014: All of the amendments listed had either no or just minor effects on the financial year just ended or the previous financial year.

Amendment to IAS 36: Impairment of Assets (effective date: 1 January 2014)

The amendments relate to the disclosure of information regarding calculation of the recoverable amount of impaired assets, if this amount is based on the fair value less costs to sell.

Approval of IFRS 13 (Fair Value Measurement) in May 2011 also led to consequential amendment of IAS 36 (Impairment of Assets). Disclosures regarding the recoverable amount of impaired non-financial assets are now only required when the recoverable amount is based on the fair value less costs to sell. Additional disclosures are also required if the recoverable amount corresponds to the net selling price when existing impairment of an asset or a cash-generating unit is recorded or reversed. The amendments must be applied for annual periods beginning on or after 1 January 2014.

Amendment to IAS 39: Financial Instruments: Recognition and Measurement (effective date: 1 January 2014)

Due to the amendment, derivatives continue to be designated as hedging instruments in a continuing hedging relationship although they are novated. Condition for this treatment is that a novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosures of Interests in Other Entities, IAS 27: Separate Financial Statements (effective date: 1 January 2014)

The amendment grants an exemption from consolidation of subsidiaries if the parent entity meets the definition of an “investment entity” (e.g. certain investment funds). Certain subsidiaries are then measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Amendment to IAS 27: Separate Financial Statements (2011) (EU effective date: 1 January 2014)

The requirements for separate financial statements remain part of the amended IAS 27 as before. The other parts of IAS 27 are replaced by IFRS 10.

Amendment to IAS 28: Investments in Associates and Joint Ventures (2011) (EU effective date: 1 January 2014)

The amended IAS 28 standard contains consequential amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

New standard IFRS 10: Consolidated Financial Statements (EU effective date: 1 January 2014)

The standard replaces the consolidation guidelines in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on the concept of control regardless of the type of investee (i.e. regardless of whether the entity is controlled by investor voting rights or

by some other contractual agreement as is customary in the case of special purpose vehicles).

New standard IFRS 11: Joint Arrangements (EU effective date: 1 January 2014)

This standard outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).

New standard IFRS 12: Disclosures of Interests in Other Entities (effective date: 1 January 2014)

IFRS 12 requires improved disclosures both regarding consolidated and unconsolidated entities in which an entity holds an interest.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, IFRS 12: Disclosures of Interests in Other Entities (effective date: 1 January 2014)

The amendments clarify the transitional rules in IFRS 10 and provide for additional relief in all three standards. In particular, this includes limiting the requirement to provide adjusted comparative information to the comparative period immediately preceding initial application.

New interpretation IFRIC 21: Levies (EU effective date: 17 June 2014)

The interpretation offers guidance on when to recognise a liability for a levy imposed by a government.

2.2 New and revised standards and interpretations whose application in the consolidated financial statements was voluntary or who were not yet applicable

Application of the following interpretations and standards was voluntary or not yet required as of 1 December 2014. These interpretations and standards were not yet applied by WILEX in the past financial year. All of the new and amended standards and interpretations listed would have had either no or just minor effects on the financial year just ended or the previous financial year.

2.2.1 New and revised standards and interpretations adopted by the EU

Amendments to IAS 19: Employee Benefits (EU effective date: 1 February 2015)

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed as well as permits relief if the amount of the contributions is independent of the number of years of service.

Annual Improvements 2010 - 2012 (effective date: 1 February 2015); 2011 - 2013 (effective date: 1 January 2015)

Amendments and clarifications to various IFRSs.

Amendments to IFRS 11: Joint Arrangements (effective date: 1 January 2016)

An acquirer of interests in joint operations constituting a business as defined in IFRS 3 must apply all of the principles for accounting for business combinations in IFRS 3 and other IFRSs as long as these do not contradict the guidance in IFRS 11.

IAS 16: Property, Plant and Equipment / IAS 38: Intangible Assets (effective date: 1 January 2016)

These amendments provide guidelines indicating the possible methods of depreciation of property, plant, and equipment and amortisation of intangible assets, particularly with regard to revenue-based methods.

Amendments to IAS 16: Property, Plant and Equipment / IAS 41: Agriculture (effective date: 1 January 2016)

With these amendments, bearer plants that no longer undergo significant biological transformation are brought within the purview of IAS 16 so that they can be accounted for in the same way as property, plant, and equipment.

Amendments to IAS 27: Separate Financial Statements (effective date: 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Annual Improvements 2012 – 2014 (effective date: 1 January 2016)

Amendments and clarifications to various IFRSs.

Amendments to IAS 1: Presentation of Financial Statements (effective date: 1 January 2016)

The amendments aim to remove impediments to preparers in exercising their judgement in presenting financial statements.

2.2.2 New and revised standards and interpretations that have been approved by the IASB, but have not yet been adopted by the EU

New standard IFRS 14: Regulatory Deferral Accounts (effective date: 1 January 2016)

Only entities that are first-time adopters of IFRS and that recognise regulatory deferral account balances in accordance with their previous accounting rules are permitted to continue to do so after transitioning to IFRS. This standard is intended to be a short-term, interim solution until the IASB completes its longer-term, comprehensive project on rate-regulated activities.

Amendments to IFRS 10: Consolidated Financial Statements / IFRS 12: Disclosures of Interests in Other Entities / IAS 28: Investments in Associates and Joint Ventures: Investment Entities — Applying the Consolidation Exception (effective date: 1 January 2016)

The amendments address circumstances that have arisen in connection with application of the consolidation exception for investment entities.

Amendments to IFRS 10 and IAS 28) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date: 1 January 2016)

The amendments address a conflict between the requirements in IAS 28 Investments in Associates and Joint Ventures and those in IFRS 10 Consolidated Financial Statements.

Amendments to IAS 12: Income taxes (EU effective date: 1 January 2017)

The amendment entitled *Recognition of deferred tax assets for unrealised losses* clarifies several issues.

Amendments to IAS 7: Statement of Cash Flows (EU effective date: 1 January 2017)

The amendments in *Disclosure Initiative* (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

New standard IFRS 15: Revenue from Contracts with Customers (effective date: 1 January 2018)

This standard governs the time when and amount in which revenue must be recognised. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. IFRS 15 is mandatory for all IFRS adopters and applies to nearly all contracts with customers — the major exceptions are leases, financial instruments and insurance contracts.

New standard IFRS 9: Financial Instruments (effective date: 1 January 2018)

This standard provides comprehensive guidance on accounting for financial instruments. The new and revised classification rules for financial assets in the latest version of IFRS 9 constitute the primary changes from the predecessor standard IAS 39. These are based on the type of business model and contractual cash flows associated with the financial assets. Also completely new are the rules regarding the recognition of credit losses, which are now based on an expected loss model. Accounting for hedges was also reformed in IFRS 9 and aims to more accurately reflect risk management activity.

New standard IFRS 16: Leases (effective date: 1 January 2019)

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. For lessors the rules in IAS 17 “Leases” remain largely in effect. Going forward lessors will continue to distinguish between finance and operating leases with different accounting treatments for each.

3 Key accounting policies

The significant accounting policies applied are explained below.

3.1 Statement of conformity

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). Moreover, the supplementary provisions of Section 315a German Commercial Code (HGB) were applied.

3.2 Basis for preparation of the consolidated financial statements

The reporting period begins on 1 December 2014 and ends on 30 November 2015. It is referred to hereafter as the “2015 financial year” (“2014 financial year” for the previous period).

As of the 30 November 2015 reporting date, WILEX’s cash and cash equivalents were not sufficient to cover the Group’s financing requirements for the next twelve months. Without additional measures, cash and cash equivalents as of this date would not have lasted beyond the end of the second quarter of 2016. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

On 23 November 2015 the Executive Management Board of WILEX AG therefore presented a comprehensive, multi-stage financing strategy. This is largely based on a financing

commitment from the Company's main shareholder dievini for up to € 10 million. The aim is to secure financing for the Group into the second quarter of 2017. The first step stipulated by the strategy comprised two capital increases from authorised capital without publishing prospectuses for purposes of short-term financing of the Company (see note 34.1). In this context, € 2.4 million from the financing commitment made by dievini was utilised.

The first corporate action, a private placement with main shareholder dievini by way of an increase in share capital by 10% using authorised capital, was performed after the reporting date on 9 December 2015. dievini acquired all 930,560 new no par value bearer shares at an issue price of € 1.84. Once the performance of this capital increase was entered in the Commercial Register in December 2015, this lifted the Company's share capital by 10%, from € 9,305,608.00 to € 10,236,168.00 (see note 34.1).

The second corporate action was a rights issue using authorised capital, also on 9 December 2015. The Company's share capital was increased from € 10,236,168.00 (share capital after the implementation of the capital increase with exclusion of shareholders' subscription rights was entered in the Commercial Register) by up to € 443,124.00 to up to € 10,679,292.00 by issuing up to 443,124 new no par value bearer shares with a notional value of € 1.00 each in return for cash contributions. As in the private placement with dievini, the subscription price was € 1.84 per share (see note 34.1).

The terms for further financing measures are currently being drawn up in the Company. In particular, securities prospectuses will probably have to be prepared for upcoming capital measures. Preparations for this will now begin.

The gross proceeds of the two corporate actions were allocated to share capital in the amount of € 1,373,684.00 and to the capital reserve in the amount of € 1,153,894.56. The transaction costs to be deducted from the capital reserve for the two capital increases after the reporting date totalled around € 75 k. The net proceeds from the two capital increases accruing to the Company in December 2015 therefore amounted to € 2.45 million in aggregate.

The cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first half of 2016 are sufficient in the Executive Management Board's estimation to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. In this respect, no assets (in particular no intangible assets or goodwill) are impaired. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017.

The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis in accordance with IAS 1.25. At the time the financial statements were being prepared it could be assumed that the Company would continue to operate as a going concern over the next twelve months.

In accordance with Section 325 (3) German Commercial Code, WILEX publishes these IFRS consolidated financial statements in the Federal Gazette (Bundesanzeiger). These consolidated financial statements exempt the Company from preparing consolidated financial statements in accordance with the German Commercial Code.

These consolidated financial statements were prepared by the Executive Management Board on 15 March 2016 and released for publication in accordance with IAS 10. The consolidated financial statements are to be approved by the Supervisory Board on 16 March 2016. The Supervisory Board can decline to approve the consolidated financial statements and Group

management report released by the Executive Management Board, in which case the consolidated financial statements would have to be approved in the Annual General Meeting.

Due to commercial rounding up or down of exact figures, it is possible that individual figures in these consolidated financial statements may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company WILEX AG and its subsidiary Heidelberg Pharma GmbH, which it controls in accordance with IRFS 10.6/10.7.

All intra-group transactions, balances and profits and losses are eliminated in full during consolidation. Figures can be compared directly with those of the previous year because the Group structure did not change. The annual financial statements of the subsidiary are adjusted, if necessary, to bring their accounting policies in line with those used by the Group.

3.4 Foreign currencies

The consolidated financial statements are prepared in euros (€), the Group's functional currency.

Transactions settled in currencies other than the respective local currency are recognised in the separate financial statements at the foreign exchange rate on the transaction date. The temporal method is applied pursuant to IAS 21.21 ff.

At the end of each reporting period the following steps are taken in accordance with IAS 21.23

- monetary amounts in a foreign currency are translated at the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

WILEX carries out transactions in US dollars and, to a smaller extent, in Swiss francs (CHF), British pounds (GBP) and other foreign currencies.

The translation of US dollar amounts within the Group was based on the following euro exchange rates: For reasons of materiality, no exchange rates of other currencies are shown.

- Closing rate 30 November 2015: € 1 = USD 1.0578 (previous year: € 1 = USD 1.2447)
- Average exchange rate FY 2015: € 1 = USD 1.1221 (previous year: € 1 = USD 1.3408)

Differences may result from commercial rounding of exact figures.

3.5 Property, plant and equipment

WILEX does not own plots of land or buildings. All office and laboratory premises used at present are rented. Property, plant and equipment consists mainly of laboratory and office equipment and is recognised at historical cost less accumulated depreciation and impairment losses.

The cost less net carrying amount is depreciated on a straight-line basis over the useful life of the asset. The expected useful lives, net carrying amounts and depreciation methods are reviewed at every reporting date and all necessary changes to estimates are applied

prospectively. In addition, impairment charges are recognised immediately if assets are impaired as defined by IAS 36.

Depreciation of property, plant and equipment is based on the following useful lives:

- Laboratory equipment 8 to 14 years
- Other office equipment 3 to 23 years
- Leased property, plant and equipment 10 years

Expenses for the repair and maintenance and for the replacement of subordinate items are recognised in income at the time they arise. Extensive replacements and new fixtures and fittings are capitalised where they create a future economic benefit. Replacements are depreciated over their expected useful life. In the event of disposal, the cost and associated accumulated depreciation are derecognised. Any gains or losses resulting from such disposal are recognised in profit or loss in the financial year.

Impairment losses are recognised if the recoverable amount of property, plant and equipment is lower than the net carrying amount. As a consequence of the restructuring activities and the phased-out of clinical development activities at the Munich site, impairment losses were charged in the previous year on laboratory and other office equipment of WILEX AG in order to measure it at its fair value less costs to sell as the recoverable amount.

WILEX has not pledged any property, plant or equipment as collateral for contingent liabilities.

See note 3.20 for information on the accounting treatment of finance leases recognised in property, plant and equipment.

3.6 Intangible assets

3.6.1 Separately acquired intangible assets

Intangible assets not acquired in a business combination with a determinable useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is on a straight-line basis over the expected useful life of the asset and is recognised as an expense. The expected useful life and the amortisation method are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Separately acquired intangible assets with an indefinite useful life are carried at cost less accumulated impairment losses.

In addition, impairment charges are recognised if assets are impaired as defined by IAS 38.111 in conjunction with IAS 36.

The following useful lives are assumed for intangible assets, which comprise capitalised licenses, patents and software:

- Licences und patents 12.5 to 20 years
- Software 3 years

3.6.2 Intangible assets acquired from a business combination

Intangible assets acquired from a business combination, such as the not yet ready for use intangible assets (In Process Research & Development, or IP R&D) and the acquired customer base resulting from the takeover of Heidelberg Pharma AG, are recognised separately from goodwill and measured at fair value, i.e., cost, as of the date of acquisition.

In subsequent periods, intangible assets with a definite useful life that were acquired in a business combination are measured in the same way as separately acquired intangible assets: at cost less accumulated amortisation and any accumulated impairment losses.

The following useful lives are assumed here:

- Acquired customer base 9 years

The not yet ready for use intangible assets In Process Research & Development (IP R&D) are not yet being amortised: The development of the ADC technology and other IP components is ongoing, and no antibody-specific product licence agreement (PLA) that would specify the current use and marketability of this technology asset in the form of a therapeutic development candidate has been signed to date. Hence this asset has not yet been classified as ready for use in accordance with IFRSs. Amortisation of this asset will begin once the development work has been completed.

Goodwill and IP R&D are also not amortised. Instead, they are tested for impairment annually (compare notes 3.8 and 8).

3.6.3 Research and development costs

Costs for research activities are recognised as expenses in the periods in which they are incurred.

Internally generated intangible assets resulting from development activities are recognised if and only if the following has been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group's intention to complete production of the intangible asset and use or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output from the use of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Since these requirements have not been met, no intangible assets could be recognised in the development phase.

At present, all research and development costs are therefore recognised in the income statement for the financial year in which they arise.

3.7 Impairment of property, plant and equipment and intangible assets with the exception of goodwill

The Company reviews the carrying amounts of property, plant and equipment and intangible assets at every reporting date to determine whether there is reason to believe that these assets are impaired. If there is indication of impairment, the recoverable amount of the asset is determined to identify the scope of a possible impairment loss. If the recoverable amount

of the individual asset cannot be determined, then the recoverable amount of the cash generating unit to which the asset belongs is estimated.

In the case of intangible assets with an indefinite useful life and those not yet available for use, an impairment test is performed at least once a year and in all cases where there is indication of impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows are discounted using a pre-tax rate when determining the value in use. On the one hand, this pre-tax rate takes into account the current market estimate of the present value of the funds. On the other hand, it reflects the risks inherent in the asset to the extent that these have not already been incorporated into the cash flow estimate.

If the estimated recoverable amount of an asset or a cash generating unit falls below the carrying amount, then the relevant carrying amount is decreased to the recoverable amount. The impairment is recognised immediately in profit or loss.

If there is a subsequent reversal of the impairment loss, the carrying amount of the asset or the cash generating unit is increased to the new estimate of the recoverable amount. The increase in carrying amount is limited to the amount that would have resulted if no impairment losses had been recognised in previous years. An impairment reversal is recognised immediately in profit or loss.

3.8 Goodwill

The goodwill resulting from a business combination is recognised at cost less impairment losses, as required, and is reported separately in the consolidated balance sheet.

For purposes of impairment testing, the goodwill must be distributed among each of the Group’s cash generating units expected to derive benefit from the synergies generated by the business combination.

Cash generating units to which the goodwill is allocated must be tested for impairment at least annually. As soon as there is some indication of impairment, the cash generating unit must be tested immediately.

If the recoverable amount of a cash generating unit is less than the carrying amount of the unit, then the impairment loss must be initially allocated to the carrying amount of the allocated goodwill and subsequently pro rata to the other assets based on the carrying amounts of each asset within the cash generating unit. Any impairment loss on goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised on goodwill may not be reversed in future periods.

3.9 Other non-current assets

When leases for buildings and laboratory equipment and motor vehicles are signed, rent security or security for leased equipment must be paid to the landlord or lessor. Depending on the duration of the lease, this item is allocated to non-current or current assets as of the reporting date.

3.10 Inventories

Inventories comprise raw materials, consumables and supplies and (contract) work in progress.

Inventories are measured at the lower of cost and net realisable value based on the FIFO method. The cost of sales for internally generated inventories contains all directly attributable costs as well as a reasonable percentage of the general overhead costs. Borrowing costs are not included in the cost of inventories because the performance period is shorter than 12 months.

3.11 Trade receivables

Trade receivables belong to the category of loans and receivables (see note 3.14), which are measured at amortised cost. This means that they are recognised at the initial invoice amount net of any adjustments for doubtful accounts. Such adjustments are based on an assessment by management of the recoverability and aging structure of specific receivables.

3.12 Prepayments made

The other assets and prepayments, e.g. to service providers or insurers, are either recognised in income in accordance with progress on the relevant order or offset against the final supplier invoice.

3.13 Other receivables

Receivables are initially recognised at fair value and subsequently at amortised cost, less any impairment losses. An impairment of other receivables is recognised if there is an objective, substantial indication that not all of the amounts due according to the original contractual terms and conditions are recoverable or discounting that is adequate for the maturity and risk-adjusted seems reasonable. The impairment is recognised in profit or loss.

3.14 Financial instruments

Financial instruments in accordance with IAS 39 are classified according to type:

- Financial assets or financial liabilities at fair value through profit or loss. This category comprises two sub-categories:
    - Financial assets or liabilities held for trading (AFVPL-Tr.): This category comprises the financial assets and liabilities held for trading such as for instance interest-bearing securities, shares and borrower's note loans. In particular, the liabilities held for trading include derivative financial instruments with a negative fair value. Financial assets and liabilities held for trading are recognised at the fair value at every balance sheet date. The remeasurement gains or losses are recognised the net profit/loss for the period. No such assets or liabilities were recognised in the period under review.
    - Financial instruments designated at fair value through profit or loss (AFVPL-Des.): Under the fair value option, financial instruments may be subjected to a voluntary fair value, including recognition of remeasurement gains or losses in the net profit/loss for the period. The irrevocable decision to use the fair value option must be made on initial recognition of the financial instrument. The fair value option may be applied to a financial instrument for example if it eliminates or significantly reduces a measurement or recognition inconsistency. No such assets or liabilities were recognised in the period under review.
- Available-for-sale financial assets: Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss are

allocated to this category. In particular, this concerns interest-bearing securities, shares and equity interests. They are measured at the fair value. Equity instruments shall be measured at amortised cost if their fair value cannot be reliably determined. No such assets or liabilities were recognised in the period under review.

- Financial assets held to maturity: Non-derivative financial assets with fixed or determinable payments and fixed maturity may be allocated to this category if an entity has the positive intention and ability to hold them to maturity. They are measured at amortised cost. The following are excluded from classification as held-to-maturity investments: (a) financial assets that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity designates as available for sale; and (c) those that meet the definition of loans and receivables.

WILEX currently does not recognise any of the financial instruments listed above.

- Loans and receivables: Non-derivative financial instruments with fixed or determinable payments for which there is no active market are allocated to this category. They are measured at amortised cost. Any impairment is recognised in profit or loss at the time the amortised cost is determined. A financial asset is impaired if there are objective indications of impairment which, in turn, arise from events that may have occurred after the initial measurement and have a negative effect on the value that was recognised on addition. Depending on the type and nature of the respective financial asset, the insolvency of a debtor for instance or even a reduction in the performance and fair value of an investment or other financial assets may constitute indications of and events leading to impairment. Premiums or discounts are recognised in net financial result over the relevant term. They are also measured at amortised cost.

Financial liabilities are initially measured at fair value. After initial recognition, all financial liabilities shall be measured at amortised cost using the effective interest method,

except for:

(a) Financial liabilities at fair value through profit or loss.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) The financial guarantee contracts as defined in IAS 39.9.

(d) Commitments to provide a loan at a below-market interest rate.

All financial liabilities of WILEX shall subsequently be measured at amortised cost using the effective interest method.

These financial assets and financial liabilities are classified on initial recognition. WILEX reviews the carrying amounts of these financial assets at regular intervals or at least at every reporting date as to whether there is an active market for the respective assets and whether there are indications of impairment (for example, because the debtor is having substantial financial difficulties).

The net result always contains all other expenses and income associated with the financial instruments in the given measurement category. Besides interest income and dividends, in particular this includes the results of both the initial and the subsequent measurement.

In addition, financial instruments are divided into current or non-current assets or liabilities as of the balance sheet date depending on their remaining life. Financial instruments with a remaining life of more than one year at the reporting date are recognised as non-current

financial instruments while those with a remaining life of up to one year are recognised as current assets or liabilities.

A class of financial instruments encompasses financial instruments that are grouped in accordance with the disclosures required under IFRS 7 and the features of the financial instruments an entity uses.

The trade and settlement dates generally do not coincide in regular cash purchases or sales of financial assets. There is the option to use either trade date accounting or settlement date accounting in connection with such regular cash purchases or sales. The Group uses trade day accounting in connection with regular cash purchases and sales of financial assets at the time of both initial measurement and disposal.

WILEX does not utilise hedge accounting for hedging currency risks. Potential currency risks concern the US dollar in particular. Insignificant amounts of cash and cash equivalents are partially held in US dollars to minimise risk.

3.15 Capital management

3.15.1 Composition of equity

The Group's equity consists of the subscribed capital, which is denominated in common bearer shares with a notional value of € 1.00 each. Additional costs directly attributable to the issue of new shares and a capital measure are recognised under equity as a deduction from equity (e.g. from capital reserves).

The Company's capital comprises its equity including subscribed capital, capital reserves and accumulated deficits.

Due to the capital increase completed during the financial year upon its entry in the Commercial Register on 10 April 2015, the share capital totalling € 7,818,876.00 increased by € 1,486,732.00 from authorised capital to € 9,305,608.00. The capital reserve increased correspondingly from € 185.4 million to € 188.0 million.

For purposes of short-term financing of the Company, two further capital increases from authorised capital without publishing prospectuses were performed after the reporting date in December 2015. The two capital increases led to a total increase of € 1,373,684.00 in share capital from € 9,305,608.00 to € 10,679,292.00 and were completed when they were entered in the Commercial Register on 11 December 2015.

3.15.2 Capital management

The capital management programme of WILEX serves to create a solid capital base and to safeguard it in a sustainable manner so as to be able to continue to assume the going-concern premise and to operate under this premise. Given the losses the Company has incurred since its founding, it focuses mainly on using cash to fund the ongoing development of its technology and product pipeline and, not least, to maintain the confidence and trust of investors and business partners alike in the Company. In the financial year ended a capital increase was carried out in this context, but no capital was borrowed from banks.

Management regularly monitors the liquidity and equity ratios and the sum of the items recognised in equity. There were no changes during the reporting year in the Company's strategy or objectives as they relate to its capital management programme.

In € '000	30.11.2015	30.11.2014
Liquidity	1,306	2,197
In % of total capital	10.8%	14.6%
In % of current liabilities (cash ratio)	49.9%	69.7%
Equity	9,480	11,876
In % of total capital	78.3%	79.0%
Liabilities	2,621	3,154
In % of total capital	21.7%	21.0%
Total capital	**12,102**	**15,030**

The liquidity ratios (ratio of available cash and cash equivalents to either total capital or current liabilities) declined uniformly as against the prior-year comparable figures due to the outflow of cash from operating activities. The ratio of liquidity to total capital dropped from 14.6% to 10.8%. Analogously, the cash ratio, defined as cash and cash equivalents divided by current liabilities, fell from 69.7% to 49.9%. The equity ratio was 78.3% as at 30 November 2015. Because of the comprehensive loss in the past financial year and despite the reduction in liabilities in absolute terms, this figure was slightly lower than in the previous year (79.0%) (see note 20).

Preventing the share capital from being reduced by more than half by losses in the separate financial statements prepared under German commercial law is a quantitative control variable of equity management.

3.16 Liabilities and provisions

Liabilities are recognised if a legal or constructive obligation exists towards third parties. With the exception of financial liabilities, liabilities are carried at their settlement amount. In contrast, financial liabilities are initially measured at their fair value. They are subsequently measured at amortised cost. All liabilities that fall due within at least one year are recognised as non-current liabilities; they are discounted to their present value.

Provisions are recognised if the Group has a present obligation from a past event, it is probable that the Group will have to meet this obligation and its amount can be estimated reliably. The provision amount recognised is the best estimated amount as of the reporting date for the expenditure required to fulfil the present obligation, taking into account the risks and uncertainties inherent in the obligation. If it is expected that the amount required to settle the provision will be reimbursed by a third party in whole or in part, this claim is recognised accordingly under other receivables.

As a result of the discontinuation of research and development activities at WILEX AG, provisions, which by definition are uncertain in terms of amount and maturity, still comprise provisions for staff costs and legal expenses in connection with claims for the reinstatement of the employees made redundant which have been concluded in the meantime.

3.17 Income taxes

Income tax expense is composed of the current tax expense and deferred taxes. The significant loss carryforwards prevented material tax liabilities from occurring.

Deferred income taxes are recognised by applying the balance sheet liability method for temporary differences which arise between the tax base of the assets and liabilities and their carrying amounts in the financial statements according to IFRS. Deferred income taxes are to be measured in accordance with the tax rates (and tax regulations) that are applicable as of the reporting date or that have essentially been passed as law and are expected to be applicable during the period in which an asset is realised or a debt is settled. Deferred tax assets and deferred tax liabilities are not recognised when the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in transactions which are not business combinations and affect neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent it is probable that a taxable profit will be available against which the temporary differences can be applied. Deferred tax assets for tax loss carryforwards are recognised to the extent it is probable that the benefit arising will be realised in future.

If relevant, current or deferred taxes are recognised in profit or loss, unless they are related to items that are either recognised in other comprehensive income or directly in equity. In this case, the current or deferred tax must also be recognised in other comprehensive income or directly in equity.

3.18 Earnings per share

Undiluted earnings per share are calculated as that proportion of net profit or loss for the year available to common shareholders, divided by the weighted average number of common shares outstanding during the period under review. The Treasury Stock Method is used to calculate the effect of subscription rights. It is assumed that the options are converted in full in the reporting period. The number of shares issued to the option holder as consideration for the proceeds generated, assuming exercise at the exercise price, is compared with the number of shares that would have been issued as consideration for the proceeds generated assuming the average market value of the shares. The difference is equal to the dilutive effect resulting from the potential shares and corresponds to the number of shares issued to the option holder compared to another market participant receiving no consideration. The proceeds assumed from the issue of potential common shares with dilutive effect must be calculated as if they had been used to repurchase common shares at fair value. The difference between the number of common shares issued and the number of common shares which would have been issued at fair value must be treated as an issue of common shares for no consideration and is reflected in the denominator when calculating diluted earnings per share. The profit or loss is not adjusted for the effects of stock subscription rights. The conditional increase of the share capital to grant stock option rights to employees and members of the Executive Management Board (see note 3.19) could potentially dilute the diluted earnings per share in future. Because the stock options issued are currently not dilutive given WILEX AG’s share price performance, the diluted and basic earnings per share are identical.

3.19 Employee and Executive Management Board member benefits

3.19.1 Share-based payment

Equity-settled share-based payment provided to employees in the form of stock options is recognised at the fair value of the relevant option prevailing on the respective grant date. Additional information on calculation of the fair value of share-based payment is presented in note 25.

The fair value calculated upon equity-settled share-based payment is recognised as an expense using the straight-line method over the period until vesting with a corresponding increase in equity and is based on the Company's expectations with regard to the equity instruments which are likely to vest. At each reporting date, the Group must review its estimates regarding the number of equity instruments vesting. The effects of changes to the original estimates, if any, must be recognised in profit or loss in such a way that the cumulative expense reflects the change in the estimate and results in a corresponding adjustment in the reserve for equity-settled share-based payments to employees.

3.19.2 Profit-sharing scheme

WILEX recognises both a liability and an expense for bonus entitlements of both Executive Management Board members and employees. A liability is recognised if there is a contractual obligation or if an obligation is assumed to have arisen as a result of past business practice.

Bonus entitlements and variable remuneration are contingent on the achievement of personal targets and the Company's performance targets. The performance-based remuneration of the members of the Executive Management Board and non-executive personnel is based for one on corporate goals and for another on performance targets that are fixed on an individual basis. These goals and targets comprise and essentially refer to the achievement of defined milestones in clinical development, the securing of the Company's further funding and the future performance of WLEX's shares.

Since profit-sharing payments are made subsequently as of the reporting date and there is uncertainty in terms of their amount as a result, the Company recognises a corresponding provision that is measured using estimates and judgements based on previous payments.

3.19.3 Pension costs

Payments for defined-contribution pension plans for current and former Executive Management Board members and managing directors are recognised as expenses when the beneficiaries have performed the work that entitles them to the contributions. Currently there is a pension plan at Heidelberg Pharma into which contributions are still being paid.

No material future contributions to a defined benefit pension plan for a former Executive Management Board member at WILEX AG are expected due to the nature of the commitment (one-time payment in the maximum amount of € 47 k when the benefit comes due) and a reinsurance policy funded with a one-time payment of € 15 k in 2000 constituting the plan assets. If capital market developments are unfavourable, there could be a coverage gap between the future one-time payment promised to the beneficiary and the existing plan assets totalling no more than approximately € 10 k.

The payments into a defined contribution plan as pledged in exchange for the work performed by the beneficiaries are expensed in the financial year in question. The income from the plan assets and the expenses from the defined benefit pension commitment at WILEX AG are recognised in the financial year they arise.

3.19.4 Employer's contributions to the statutory pension insurance scheme

In the 2015 financial year, WILEX paid € 220 k in employer contributions to the statutory pension insurance scheme; this expense is allocated to staff costs (previous year: € 478 k).

3.20 Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to WILEX is deemed to represent a finance lease under IAS 17. Finance leases are recognised at the beginning of the lease at the lower of fair value or present value of the minimum lease payments. Each lease payment is split into an interest and repayment portion so as to produce a constant interest rate on the remaining balance of the liability. The relevant lease liabilities are contained in liabilities arising from leases. The interest portion of the financing costs is recognised in income over the term of the lease using the effective interest method. If there is sufficient certainty that ownership will transfer to the lessee at the end of the term of the lease, the asset acquired under a finance lease is depreciated over its expected useful life. Otherwise, the asset is depreciated over the shorter of its useful life or the term of the lease.

Leases, where the risks and rewards associated with ownership remain essentially with the lessor, are deemed to be operating leases. Any payments made under operating leases are recognised in income on a straight-line basis over the term of the lease.

3.21 Recognition of revenue and earnings

Sales revenue and other income are measured at the fair value of the consideration received or receivable and reduced by discounts and similar deductions.

WILEX's business activities are aimed at generating revenue from cooperation agreements and/or licence agreements (depending on the design of the given contract in the form of upfront payments, milestone payments, cost reimbursements and royalties). WILEX also generates sales revenue from the sale of goods and the provision of services as part of its customer specific contract research.

3.21.1 Sales revenue from cooperation and out-licensing agreements

Sales revenue from such agreements can consist of up-front payments, milestone payments or cost reimbursements for current project development and management.

Up-front payments are due as prepayments at the start of a given cooperation. Revenue recognition in connection with up-front payments requires a case-by-case analysis of the overall circumstances and is therefore contingent on the content of the relevant contract. Revenue is recognised upon receipt of the invoice providing all conditions in IAS 18.14 ff. have been satisfied. Where individual conditions have not been met, the up-front payments received are recognised as deferred income and recognised on a pro-rata basis in profit or loss over the term of the defined work to be performed.

Milestone payments are contingent upon achievement of contractually stipulated targets. Milestones and the resulting sales revenue are not posted as such until the respective targets triggering the payments have been met in full.

The cooperation agreements also normally generate sales revenues in the form of cost reimbursements for ongoing project development with the respective partner that are billed as the costs are incurred and reported as sales.

3.21.2 Sales revenue from the sale of goods

Sales revenue from the sale of goods is recognised when the goods have been delivered, legal transfer of ownership has taken place and the following conditions have been met at the time:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of sales revenue can be estimated reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred in respect of the transaction can be estimated reliably.

3.21.3 Sales revenue from the provision of services

Income from service contracts is recognised according to the percentage of completion. The percentage of completion is determined as follows:

- Income from customer-specific research is calculated on a time-and-materials basis and recognised at the contractually agreed hourly rates and directly incurred costs.

3.21.4 Other income

In addition to the reversal of unused liabilities and provisions from prior periods through profit or loss, other income relates to government grants, such as those from the Federal Ministry of Education and Research (BMBF). These government grants are used to support certain projects by reimbursing research expenses from public funds. Reimbursement is based on the project costs incurred and non-refundable. The cash amounts received in advance are recognised over the underlying service period according to the research project's stage-of-completion. There was also income from exchange rate differences and sub-leases.

3.22 Cost of sales

All costs directly related to generating sales revenue are reported as cost of sales. Cost of sales thus comprise of staff costs, material costs and other costs directly attributable to manufacturing in reference to the respective goods and services sold.

3.23 Research and development

Research and development activities comprise all associated costs not related to the generation of sales revenue, including staff costs, consulting costs, amortisation and impairment losses, material and cost of sales, third party services, laboratory costs and fees for legal advice. They are recognised as expenses in the period in which they are incurred.

3.24 Interest income

Interest income is recognised in the statement of comprehensive income at the time it is generated, taking into account the effective yield on the asset.

3.25 Interest expense

Interest expense comprises interest on a shareholder loan, interest expense on current liabilities and any interest portion in connection with leases. Since the Group does not own qualifying assets, borrowing costs are recognised as an expense in the period in which they are incurred.

4 Segment reporting in accordance with IFRS 8

Applying IFRS 8 Operating Segments, WILEX reported on three segments in previous years: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx). As a consequence of the restructuring measures, which have been fully implemented in the meantime and which led to the discontinuation of research and development activities at the Munich site, no further business activities are conducted that differ materially in their risk/reward profiles. R&D activities have since focused on the operations of WILEX's subsidiary Heidelberg Pharma in Ladenburg. As a result, WILEX discontinued its reporting on segments at the beginning of the 2015 financial year.

The following table shows the regional distribution of 2015 sales revenue in terms of a customer's or collaboration partner's domicile:

Region	2015		2014	
	in € '000	in %	in € '000	in %
Germany	740	32%	684	19%
Europe	1,074	47%	1,479	41%
USA	67	3%	185	5%
Rest of world	403	18%	1,249	35%
Total	2,284	100%	3,597	100%

All sales revenue was generated in euros. Roche, as the cooperation partner for ADC technology for most of the year (€ 0.7 million), and Link Health as the licensee of MESUPRON® (€ 0.4 million) each were responsible for more than 10% of sales revenue.

The previous year's segment results and segment assets are listed below:

4.1 Segment result

4.1.1 Segment result as of 30 November 2014

Segment results in € '000	Rx	Dx	Cx	Not allocated	Consoli-dation	Group
Sales revenue	1,853	0	1,744	0	0	3,597
External sales revenue	*1,853*	*0*	*1,744*	*0*	*0*	*3,597*
Intersegment sales revenue	*0*	*0*	*0*	*0*	*0*	*0*
Other income	237	252	337	607	(20)	1,413
Operating expenses	(4,589)	(1,363)	(4,654)	0	20	(10,586)
of which cost of sales	*0*	*0*	*(1,355)*	*0*	*0*	*(1,355)*
of which depreciation, amortisation and impairment losses	*(154)*	*(34)*	*(302)*	*0*	*0*	*(489)*
Finance income	0	0	0	433	(346)	87
Finance costs	0	(0)	(350)	(114)	346	(118)
Earnings before tax	(2,499)	(1,111)	(2,923)	926	0	(5,608)
Income taxes	93	0	0	0	0	93
Net loss for the year	(2,592)	(1,111)	(2,923)	926	0	(5,701)

In addition to the segments, items that cannot be clearly allocated any specific segment in internal reporting are classified as “not allocated”. These items mainly comprise gains from exchange rate differences and reversal through profit or loss of provisions as well as finance income and costs.

The following table shows the regional distribution of 2014 sales revenue at segment level in terms of a customer’s or collaboration partner’s domicile:

Region / segment	Rx				Dx				Cx			
	2014		2013		2014		2013		2014		2013	
	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%
Germany	0	0%	0	0%	0	0%	0	0%	684	39%	1,055	61%
Europe	650	35%	400	4%	0	0%	0	0%	829	48%	554	32%
USA	0	0%	11,009	96%	0	0%	178	100%	185	11%	121	7%
Rest of world	1,203*	65%	0	0%	0	0%	0	0%	46	3%	0	0%
Total	1,853	100%	11,409	100%	0	0%	178	100%	1,744	100%	1,730	100%

* The sales revenue was generated in China and Israel

4.1.2 Segment assets

The assets shown on the consolidated balance sheet as of 30 November 2014 amount to € 15,030 k (30 November 2013: € 22,312 k) and are allocable as follows among the various segments (taking into account consolidation effects):

30.11.2014	Rx	Dx	Cx	Not allocated	Group
Total assets in € ‘000	**0**	**1,838**	**10,495**	**2,697**	**15,030**
Total current assets	0	0	448	2,462	2,910
Total non-current assets	0	1,838	10,047	235	12,120

5 Financial risk management

5.1 Financial risk factors

Given its business activities, WILEX is exposed to certain risks, in particular market risk (including currency risks, interest and price risks), liquidity risk and default risk. WILEX’s risk management focuses on the unpredictability of the financial markets and aims to minimise any potential adverse effects on the Company’s ability to finance its business activities. However, WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

Responsibility for groupwide risk management rests with the full Executive Management Board. It has implemented an effective groupwide risk management system throughout the entire WILEX Group and monitors compliance with the risk management principles approved by the Supervisory Board with the help of the respective individuals responsible for the individual fields of risk identified as well as in cooperation with Controlling. The Executive Management Board specifies written principles for all risk management aspects. The Risk Officer identifies, assesses and communicates financial and corporate risks in close

cooperation with the Executive Management Board. Moreover, all potential risks, particularly financial risks with substantial ramifications and a reasonable probability of occurring are closely monitored and discussed by the Company's Executive Management and Supervisory Boards at every quarterly reporting date.

The groupwide risk management system serves to identify and analyse risks to which WILEX is exposed, making it possible to take appropriate countermeasures as necessary. The principles underlying the risk management system are reviewed and adjusted in a regular and ongoing process in order to ensure that any changes in and requirements of WILEX's business environment are covered. Internal guidelines and training ensure that every employee is aware of their tasks and duties in connection with the risk management system and duly carries them out.

5.1.1 Market risk

5.1.1.1 Currency risk

WILEX cooperates with different service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars (USD) and, to a lesser extent, in other foreign currencies. This risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable.

As the currency risk is limited overall, WILEX has not concluded any hedging transactions but is attempting to achieve financial hedging by matching cash inflows and outflows in the same currency.

5.1.1.2 Price risk

WILEX is not exposed to risks from share price fluctuations related to equity securities, nor to risks from changes in the price of commodities.

5.1.2 Liquidity and interest risk

Mainly cash, cash equivalents and receivables constitute financial instruments that might expose WILEX to concentrations of default, liquidity and interest rate risks. WILEX has no obligations under long-term financial investments. WILEX has a detailed cash planning system, which is updated regularly, at least once a month. It serves to ensure that WILEX is aware of the available cash and cash equivalents and the due dates of its liabilities at all times in order to be able to pay liabilities as they fall due.

Given the contractually fixed interest rates and short maturities, market-driven interest rate fluctuations do not have a direct effect on the financial assets and liabilities such that the interest rate risk plays a secondary role for WILEX.

However, interest rate changes could affect the carrying amount of goodwill and not yet ready for use intangible assets (IP R&D) in the context of impairment testing.

5.1.3 Default risk

WILEX is exposed to bad debt risks in connection with its receivables. No material past due trade or other receivables were shown as of the reporting date. However, bad debt risks were identified as a potential risk and monitored in its risk management system.

The loan and interest rate receivable in respect of Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea), valued at a nominal USD 2,232 k and carried at amortised cost of

€ 1,974 k as of the reporting date arising from the 2013 sale of the US subsidiary WILEX Inc. was written off in full due to prolonged payment difficulties.

The other non-current assets comprise receivables in connection with rent and lease security deposits (€ 29 k) and other receivables from service providers (€ 41 k).

The maximum default risk in connection with trade receivables is € 367 k and corresponds to the trade receivables balance sheet item. The maximum default risk from other receivables is € 95 k, which almost entirely comprises receivables from the tax authorities.

No reported financial asset is past due.

No collateral was furnished for receivables.

5.1.4 Cash flow and fair value interest rate risk from financial instruments

WILEX invests liquid funds only in interest-bearing bank accounts or short-term fixed deposits. Market interest rate fluctuations may therefore affect the Company's ability to generate sufficient interest income from these financial instruments. This conservative investment approach ensures that there is no non-payment risk (see note 3.14).

Furthermore, WILEX maintains domestic credit balances only with major banks that belong to the German Deposit Insurance Fund and/or the German Savings Banks Organisation's deposit assurance fund. The default risk in connection with these credit balances is therefore minimal.

5.2 Determination and measurement of fair value

The rules in IFRS 13 Fair Value Measurement must always be applied if fair value measurement is stipulated or permitted by another IAS or IFRS, or if disclosures about fair value measurement are required. The 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 (exit price). The fair value of a liability therefore reflects the default risk (i.e. own credit risk). Measurement at fair value assumes that the asset is being sold or the liability is being transferred in the principal market or — if such is unavailable — in the most favourable market. The principal market is the market with the largest volume and the greatest activity to which the entity has access.

Fair value is determined using the same assumptions and taking into account the same characteristics of an asset or a liability on which independent market participants would base their assessment. Fair value is a market-based, not entity-specific measurement. For non-financial assets, the fair value is determined based on the best possible use of the asset by a market participant.

WILEX uses the following hierarchy to determine and disclose the fair value of financial instruments (see note 21):

Level 1: Quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access. The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date.

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability either directly (such as prices) or indirectly (derived from prices). The fair value of financial instruments not traded on an active market can be determined using a valuation technique. In this case, fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all of the inputs required to determine fair value are observable, the instrument is classified in Level 2.

Level 3: Inputs for the asset or liability that are not observable. If important inputs are not based on observable market data, the instrument is classified in Level 3.

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities as well as trade receivables and payables are more or less equal to their fair value on account of the short maturities.

6 Going concern risk

As of the 30 November 2015 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

In order to avoid a pending insolvency, the Executive Management Board of WILEX AG therefore presented a comprehensive, multi-stage financing strategy and kicked off initial measures in November 2015.

The financing strategy is largely based on a financing commitment from the Company's main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, for up to € 10 million.

For purposes of short-term financing of the Company, the first step was to perform, with the assistance of dievini, two capital increases from authorised capital without publishing prospectuses shortly after the reporting date (see note 3.2 Basis for preparation of the consolidated financial statements and note 34 Events after the reporting period). Cash and cash equivalents totalling € 2.5 million accrued to WILEX AG from the two capital increases in December 2015. In this context, € 2.4 million from the financing commitment made by dievini was utilised.

Without the corporate action in December 2015 made possible by the financial commitment by dievini, the funds would have lasted only until the end of the second quarter of 2016. In that case, it would not have been possible to prepare reporting on a going concern basis. The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way it was possible to prepare the consolidated financial statements on a going-concern basis in accordance with IAS 1.25.

The terms for further necessary financing measures for complete implementation of the financing strategy are currently being drawn up in the Company. In particular, securities prospectuses will probably have to be prepared for upcoming capital measures. Preparations for this will now begin.

The remaining amount of the financing commitment from dievini after the capital increases in December 2015 totals € 7.6 million and will be used, among other things, to carry out further corporate actions in the first half of 2016.

The cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first half of 2016 are sufficient in the Executive Management Board's estimation to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017 provided the development projects run as planned. The existing cash and the cash inflows expected from the planned corporate actions will be used to further develop WILEX's business activities with a focus on the innovative ADC technology and proprietary Antibody-Targeted Amanitin Conjugates (ATAC) development candidates by subsidiary Heidelberg Pharma GmbH. Ideally, the research agreements already concluded in

the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ATAC development candidates – either independently or in collaboration with partners – is expected to boost internal value creation. For the remaining projects, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach. If ongoing negotiations are fruitful, WILEX could receive licence fees in the event of successful development and regulatory approval.

If the Executive Management Board were unable to implement the corporate strategy focusing on the ADC technology according to plan, and/or if the Company failed to have any opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable in the second quarter of 2017 to satisfy their payment obligations and/or become overindebted due to valuation adjustments as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital.

7 Critical estimates and discretionary decisions

Application of the accounting principles described under note 3 requires the Management Board to assess facts, perform estimates and make assumptions with respect to the carrying amounts of assets and liabilities that cannot be readily determined from other sources.

Estimates and judgements are continually evaluated and are based on historical data and experience and other factors, including expectations of future events that are believed to be reasonable and realistic under the circumstances. The Company makes estimates and assumptions concerning the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The assumptions underlying the estimates are regularly reviewed. Changes in the estimates that concern only a specific period are considered solely in that period; if the changes concern both the current and subsequent reporting periods, then they are considered in all relevant periods.

Assumptions underlying the recognition of sales revenue and other income are based on estimates by the Executive Management Board.

Determining the expense from the measurement of stock options and the parameters underlying the impairment test for goodwill and In Process Research & Development (IP R&D) materially concern assumptions and judgements that are made by management and regularly reviewed.

The write-off of the loan to Nuclea is based on assumptions regarding its recoverability and the creditworthiness of the borrower, which are in turn based on management estimates.

The amount of the provision to cover the risk of the Company possibly being held liable under a rent guarantee furnished to Siemens Corporation for the former WILEX Inc. is subject to assumptions based on management estimates.

7.1 Expense from the granting of stock options

WILEX recognises expenses in the amount of € 46 k (previous year: € 27 k) from the granting of stock options under staff costs (see note 25). For this purpose, future assumptions need to be made regarding the different calculation parameters, such as the expected volatility of the share price, the expected dividend payment, the risk-free interest rate during option terms and staff and Executive Management Board turnover. Should these assumptions change, WILEX would need to change the relevant parameters and adjust its calculations and staff costs accordingly (see note 24).

7.2 Impairment test pursuant to IAS 36

The impairment tests of both goodwill (see note 8) in the amount of € 6,111 k (previous year: € 6,111 k) and the technology asset IP R&D – which is not yet ready for use – in the amount of € 2,493 k (previous year: € 2,493 k) require estimating either the fair value less costs to sell or, alternatively, the recoverable amount as the value in use, determined on the basis of the cash generating unit's expected future cash flows and a reasonable discount rate.

Factors such as revenue that is lower than expected and the resulting decrease in net cash flows as well as changes in the WACC could have a material effect on the determination of the value in use and/or the fair value less costs to sell and, in the final analysis, on the impairment of the goodwill or the IP R&D technology asset acquired.

7.3 Impairment loss on the loan to Nuclea Biotechnologies Inc. in accordance with IAS 39

Determining whether or not the loan to Nuclea is impaired requires comparing its carrying amount to the present value of expected future cash flows. The first step is to determine whether there are objective indications of impairment. If so, an impairment loss is recognised in the amount of the difference between the carrying amount and the lower present value of the future cash flows. On the one hand, this requires an assessment of the creditworthiness of borrower Nuclea and, on the other hand, an estimate of the timing and amount of expected future payments from the loan agreement. Factors such as a change in credit rating could affect the carrying amount.

7.4 Provisions relating to the rent guarantee to Siemens Corporation in accordance with IAS 37

Determining the amount of the provision for the rent guarantee furnished to Siemens Corporation requires an estimate of the expenditure required to settle the obligation at the reporting date. The expenditure required to settle the obligation must be estimated on a prudent basis as the amount the Company would be required to pay to fulfil the obligation. Estimating the financial consequences of the rent guarantee requires an assessment by management. The most likely result is given as the best possible estimate of the obligation.

Firstly, for purposes of justification this estimate requires an assessment of the creditworthiness of Nuclea, which owes the rent. Secondly, it requires an estimate of the expected future payments from the rent guarantee. Factors such as a change in credit rating could affect the carrying amount.

8 Impairment testing pursuant to IAS 36

The following is a description of impairment testing in January 2016 (previous year: January 2015) of the acquired goodwill and the intangible and not yet ready to use (and therefore not yet amortised) technology asset (IP R&D) acquired in the course of the 2011 business combination with Heidelberg Pharma.

For purposes of annual impairment testing, goodwill and the IP R&D technology asset are assigned to WILEX's lowest cash generating unit, which is monitored by the Executive Management Board.

WILEX AG acquired Heidelberg Pharma in March 2011. This acquisition generated goodwill of € 6,111 k. Furthermore, an IP R&D asset consisting of the ADC technology with a net carrying amount of € 2,493 k was identified as a not-yet-ready-for-use technology asset in the course of the purchase price allocation performed at the time. The carrying amounts as of 30 November 2015 correspond to the value at acquisition in each case. As a general rule, the conditions under which Heidelberg Pharma operates have not changed significantly since 2011.

Impairment testing, and therefore the calculation of the recoverable amount as the fair value less costs to sell, is based on a model in which assumptions in respect of company planning are included and in which the present value of the cash flows forecast in this way are calculated to determine the enterprise value. The expected future cash flows from Heidelberg Pharma were discounted applying a company-specific risk-adjusted interest rate.

Planning is based on annual sales revenue of around € 1 million from the service business of Heidelberg Pharma, with continuous growth of 1.5% being expected from 2020 to 2038. For the 20-year period after 2038, a terminal value of € 54 k was taken into account for the service business.

The ADC business was analysed as to its future partnership and out-licensing potential, and these assumptions were used for sales revenue planning during the period from 2016 to 2038.

The ADC technology platform is a cornerstone of Heidelberg Pharma's business model. It is expected to be used to optimise antibodies for specific customers and manufacture corresponding antibody drug conjugates (ADC) to improve cancer treatments in the future. Heidelberg Pharma intends to market the ADC technology to third parties and plans to generate sales revenue in the form of milestone and licence payments. Particularly in the final phase of an ADC agreement (product licence agreement), these payments are essential to the business model. They come due as soon as the contractual partner pursues development of a drug candidate and completes the approval process. The development phase comprises the execution of several clinical trials and can therefore take several years, which necessitates a second long-term planning phase for purposes of the impairment test.

The mid-term planning for the ADC business used for the impairment test comprises a detailed six-year plan for the period from 2016 to 2021 (preclinical and clinical phases I and II). This is followed by a second, longer-term 17-year planning phase from 2022 to 2038 (clinical phase III, approval and market launch) that continues the first planning phase. Mid-term planning is based on the following assumptions in the model:

- Derivation of potential sales revenue based on comparison data of approved oncological drugs
- Sustainable positive cash flows through potential licensing income from 2026
- Maximum exploitation period for licence income extended until 2038 through patents granted and new patent applications
- Discounts for the success rates of individual clinical phases according to the scientific literature

All told, the Company expects sustainable positive cash flow starting with the market phase in 2026. In the preceding phase, the model projects cumulative discounted cash flows (adjusted for tax effects) of € -16.5 million. During the phase after 2026, the model projects cumulative discounted cash flows (adjusted for tax effects) of € 32.2 million.

The carrying amount of the cash generating unit analysed was € 10,920 k as of the reporting date (previous year: € 10,495 k), which corresponds to the sum total of assets of Heidelberg Pharma. Allowing for the risks and opportunities arising from the business activities, the discount factor used for the impairment test was 12.3% (previous year: 13.6%) before taxes and 11.1% (previous year: 11.6%) after taxes.

The impairment test showed that there was no need to recognise impairment losses on goodwill or the IP R&D technology as of 30 November 2015. At a discount factor of 13.3% (before tax) (previous year:15.4%) the carrying amount of the cash generating unit would equal the total present value calculated.

The income tax rate underlying the model is 28.43%, as in the previous year.

Indications necessitating impairment testing of goodwill and of the IP R&D technology in certain situations in accordance with IAS 36.12 (g) / IAS 36.14 (b) arose during the past financial year as a result of termination of the partnership by Roche in August 2015.

The calculation of fair value less cost of disposal is based on unobservable inputs (Level 3; see note 5.2). The cash flows included in the calculation are not influenced by internal transfer prices. There is an active market for the products and services of the cash-generating unit measured.

9 Property, plant and equipment

As of 30 November 2015 and 2014, property, plant and equipment comprised the following:

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2014 financial year				
Opening carrying amount	651	613	60	1,324
Additions	158	0	39	197
Disposals	(84)	0	(18)	(102)
Depreciation and impairment losses	(192)	(45)	(42)	(279)
Impairment losses	(86)	0	(1)	(87)
Net carrying amount as of 30.11.2014	448	568	37	1,053
As of 30.11.2014				
Cost	2,359	891	651	3,901
Accumulated depreciation and impairment	(1,911)	(323)	(614)	(2,848)
Net carrying amount as of 30.11.2014	448	568	37	1,053

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2015 financial year				
Opening carrying amount	448	568	37	1,053
Additions	149	0	50	199
Disposals	(42)	0	(2)	(44)
Reclassifications	568	(568)	0	0
Depreciation and impairment losses	(184)	0	(39)	(223)
Impairment losses	0	0	0	0
Net carrying amount as of 30.11.2015	939	0	46	985
As of 30.11.2015				
Cost	3,034	0	699	3,733
Accumulated depreciation and impairment	(2,095)	0	(653)	(2,748)
Net carrying amount as of 30.11.2015	939	0	46	985

Unless allocable to cost of sales, the full amount of depreciation and impairment losses totalling € 223 k (previous year: € 366 k) was recognised in profit or loss as research and development costs and as general and administrative expenses. The lower figure is due to the fact that impairment losses on property, plant and equipment of WILEX AG in the amount of € 87 k were recognised in the previous year in connection with the restructuring measures, which wasn't the case in the financial year ended. Depreciation of property, plant, and equipment amounted to € 223 k (previous year: € 279 k).

Items of property, plant and equipment sold during the year are classified as disposals (€ 44 k). The profit from disposals of property, plant and equipment totalled € 52 k (previous year: loss of € 29 k). The disposals during the past financial year (€ 102 k) also relate to disposals of property, plant and equipment. Formerly leased laboratory equipment (€ 568 k) was reclassified as the Company's own laboratory equipment.

WILEX did not sign new finance leases pursuant to IAS 17 (see note 3.20) in the financial year just ended. Finance lease assets are measured at present value and amortised over their estimated useful life on a straight-line basis.

No property, plant or equipment was pledged as collateral for liabilities. There are no contractual obligations for the acquisition of property, plant and equipment.

10 Intangible assets

As of 30 November 2015 and 2014, intangible assets comprised the following:

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2014 financial year							
Opening carrying amount	115	1	311	152	2,493	6,111	9,182
Additions	0	0	0	0	0	0	0
Amortisation and impairment losses	(82)	0	(16)	25	0	0	(124)
Net carrying amount as of 30.11.2014	33	1	295	127	2,493	6,111	9,059
As of 30.11.2014							
Cost	705	1,796	1,515	320	2,493	6,111	12,939
Accumulated amortisation and impairment losses	(672)	(1,795)	(1,220)	(193)	0	0	(3,879)
Net carrying amount as of 30.11.2014	33	1	295	127	2,493	6,111	9,059

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2015 financial year							
Opening carrying amount	33	1	295	127	2,493	6,111	9,059
Additions	0	0	8	0	0	0	8
Amortisation and impairment losses	(22)	0	(16)	(24)	0	0	(62)
Net carrying amount as of 30.11.2015	12	1	286	102	2,493	6,111	9,005
As of 30.11.2015							
Cost	705	1,796	1,523	320	2,493	6,111	12,947
Accumulated amortisation and impairment losses	(693)	(1,795)	(1,236)	(217)	0	0	(3,942)
Net carrying amount as of 30.11.2015	12	1	286	102	2,493	6,111	9,005

Unless allocable to cost of sales, € 62 k (previous year: € 124 k) in amortisation and impairment losses were recognised in profit or loss as research and development costs and as general and administrative expenses. The year-on-year decrease is due to the higher impairment losses recognised in the previous year in connection with software. No additions were recorded for the financial year just ended. Furthermore, the acquired customer base identified as an intangible asset in connection with a purchase price allocation was amortised (€ 22 k). In addition, an impairment loss was recognised for the acquired customer base (€ 29 k) as the result of the loss of a customer. No other impairment losses were recognised.

As a rule, software and patents and licences as part of intangible assets have a finite useful life.

There were no currency effects from the translation of foreign currencies into the reporting currency for any group of intangible assets. No intangible assets were pledged as collateral for liabilities. Contractual obligations for the acquisition of intangible assets do not exist.

10.1 Goodwill

The goodwill recognised arises from the business combination with Heidelberg Pharma. The assets and liabilities acquired as well as the deferred tax assets and liabilities are recognised separately as of the acquisition date.

Goodwill of € 6,111 k was identified in connection with the acquisition of Heidelberg Pharma and the subsequent purchase price allocation; it will be tested for impairment annually in accordance with IAS 36 (see note 8).

10.2 Intangible assets not yet ready for use

In the purchase price allocation for Heidelberg Pharma carried out in 2011, the novel ADC technology still under development and not yet ready for use was defined as IP R&D and identified as an intangible asset. The carrying amount is € 2,493 k.

The Company believes that the ADC technology has the potential to improve the efficacy of many antibody-based compounds, including those marketed.

This technology will not be amortised until its development has been successfully completed and the technology can thus be deemed ready for use, i.e. a therapeutic agent can be marketed. Subsequent costs are recognised through profit and loss as research and development expenses. They are not capitalised pursuant to IAS 38 in keeping with the treatment of other development costs and given WILEX's industry-related specificities. It is typical for the biotechnology industry that particularly the technical feasibility pursuant to IAS 38.57 (a) as well as any future economic benefits pursuant to IAS 38.57 (c) are uncertain, even in projects where the research has largely been completed. This IP R&D technology asset was tested for impairment as of 30 November 2015 during the impairment test carried out in January 2016. WILEX has not found any indication of impairment of this intangible asset.

10.3 Other intangible assets

Other intangible assets comprise a customer base (service business) acquired in the course of the business combination with Heidelberg Pharma in financial year 2011. In addition to amortisation, an impairment loss had to be recognised due to the loss of a customer.

10.4 Patents and licences

On account of the introduction of the restructuring programme in early 2014 and the realignment of the Company, the value of the previously recognised patents licences of the

parent company WILEX AG was no longer recoverable. Although the Company still aims to market its existing antibody projects, in line with a defensive approach it was nevertheless imperative in the 2014 financial year to reduce the carrying amounts of patents and licences. As a result, all previously capitalised patents and licences were written down in full. There was no need to write down the patents and licences of Heidelberg Pharma in the financial year.

10.5 Software

Software includes various capitalised office and laboratory software items written down over their useful lives.

11 Financial assets

In the past, the financial assets item included a loan receivable from Nuclea from the sale of WILEX Inc. (previous year: € 1,777 k). This receivable was written off in full due to prolonged payment difficulties.

12 Other non-current assets

The other non-current assets (2015: € 65 k; previous year: € 230 k) mainly comprise rent security in the amount of € 10 k (previous year: € 148 k) and security for leased equipment in the amount of € 19 k (previous year: € 9 k) – all of which is deposited in bank accounts. This item also includes other receivables from Heidelberg Pharma GmbH's business totalling € 36 k. In the previous year, this item included non-financial receivables from Nuclea of € 61 k and receivables from sub-letting space in the amount of € 12 k.

13 Inventories

The inventories (2015: € 279 k; previous year: € 190 k) concern work in progress within the meaning of a service (IAS 2.19) in Heidelberg Pharma's service and contract research segments. After a write-off in full in financial year 2013, the parent company WILEX AG no longer reports any inventories. The inventories recognised as an expense in the cost of sales (expenses for raw materials, consumables and supplies, and purchased goods and services) amounted to € 509 k in the financial year (previous year: € 599 k).

No inventories were pledged as collateral for liabilities.

14 Prepayments made

Prepayments are comprised as follows:

	30.11.2015 in € '000	**30.11.2014** € '000
Insurance	11	30
Prepayments to service providers	11	44
Prepayments made	**22**	**74**

Prepayments to service providers include, in particular, payments to business partners for cell culture storage, databases and IT.

15 Trade and other receivables

The business activities of Heidelberg Pharma generated € 367 k in trade receivables from a variety of sources (previous year: € 177 k).

	30.11.2015 in € '000	30.11.2014 in € '000
Trade receivables	367	177

The aging structure of trade receivables as of the reporting date was as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
0 – 30 days	329	70
30 – 90 days	38	107
More than 90 days	0	0
Total	**367**	**177**

Since no trade receivables are due for more than 90 days after the invoice date, no trade receivables are recognised as past due as of the reporting date.

Other receivables are comprised as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
VAT claim	94	177
Refund on withholding tax on capital gains	1	19
Other receivables	0	71
Other assets	0	5
Other receivables	**95**	**272**

Since the Company has incurred only operating losses, the withholding tax on capital gains is refunded.

16 Cash and cash equivalents

	30.11.2015 in € '000	30.11.2014 in € '000
Cash and cash equivalents	1.306	2.197
Total	**1.306**	**2.197**

Cash and cash equivalents, which exclusively consist of bank balances, were down on the prior-year figure due to expenses and, to a smaller extent, to outflows of liquid funds not recognised as an expense.

17 Equity

As of 30 November 2015, after the rights issue carried out during the year, the share capital consisted of 9,305,608 (30 November 2014: 7,818,876) no par value bearer shares with a notional value of € 1.00 per share. By the end of the subscription period on 7 April 2015 the shareholders of WILEX AG exercised their subscription and additional subscription rights for all 1,486,732 new no par value bearer shares at a subscription price of € 2.80 per share. The

gross issuing proceeds totalled € 4,162,850 million, while the cost of raising the capital amounted to € 53,283. The capital increase was recorded in the Company's Commercial Register on 10 April 2015.

The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserves" respectively. For the most part, the capital reserve includes the premiums exceeding the par value from the issue of new shares from capital increases as well as staff costs in connection with stock options granted, and the effect from the shareholder waiver of loan repayment in 2014.

The following shares have been issued or consolidated since the Company was established:

Issue date	Entry in the commercial register	Number of shares	€
On 30.11.2003 *		**10.845.000**	**10.870.000**
On 30.11.2004 *		**10.845.000**	**10.870.000**
29.04.2005	31.05.2005	6.521.598	6.521.598
08.09.2005	10.11.2005	0	(25.000)
08.09.2005	10.11.2005	51	51
08.09.2005	10.11.2005	(11.577.766)	(11.577.766)
On 30.11.2005		**5.788.883**	**5.788.883**
03.11.2005	21.12.2005	2.173.871	2.173.871
10.11.2006	10.11.2006	4.000.000	4.000.000
On 30.11.2006		**11.962.754**	**11.962.754**
On 30.11.2007		**11.962.754**	**11.962.754**
On 30.11.2008		**11.962.754**	**11.962.754**
18.02.2009	26.02.2009	1.818.181	1.818.181
On 30.11.2009		**13.780.935**	**13.780.935**
16.11.2009	04.12.2009	2.177.030	2.177.030
03.08.2010	05.08.2010	2.455.070	2.455.070
On 30.11.2010		**18.413.035**	**18.413.035**
17.03.2011	17.03.2011	3.200.000	3.200.000
On 30.11.2011		**21.613.035**	**21.613.035**
01.02.2012	03.02.2012	3.201.928	3.201.928
24.08.2012	27.08.2012	6.460.544	6.460.544
On 30.11.2012		**31.275.507**	**31.275.507**
On 30.11.2013		**31.275.507**	**31.275.507**
03.07.2014	03.07.2014	(3)	(3)
09.07.2014	09.07.2014	(23,456,628)	(23,456,628)
On 30.11.2014		**7.818.876**	**7.818.876**
07.04.2015	10.04.2015	1.486.732	1.486.732
On 30.11.2015		**9.305.608**	**9.305.608**

* WILEX held an additional 25,000 no par value shares without voting rights as treasury shares.

Since the mandatory application of IFRS 2 in respect of the accounting for stock options, the value of the capital reserves is adjusted every quarter in line with the additional expenses resulting from the share-based model. A total of € 46 k (previous year: € 27 k) was recognised in this context in the period under review (see note 25).

Furthermore, the waiver of repayment of the shareholder loan which came about due to discontinuation in 2014 of the partnership with UCB S.A., Brussels, Belgium (€ 2.5 million) resulting from the September 2014 contractual arrangement, including the interest accrued up to that point (€ 100 k), must be recognised as an addition to the capital reserves.

As of the reporting date of 30 November 2015, the capital reserves amounted to € 188,034 k (previous year: € 185,365 k). The accumulated losses since the start of the Company's

business activities in 1997 totalled € 187,859 k as of the end of the financial year (previous year: € 181,308 k).

After the reporting date, equity changed as a result of the capital increases (see note 34.1).

18 Pension obligations

WILEX has one defined benefit pension commitment, but otherwise maintains only defined contribution pension plans. With the exception of the defined benefit pension commitment, all other benefit obligations as part of defined contribution plans are covered by matching reinsurance (in terms of their amounts and maturity). The Company also has a reinsurance policy for the defined benefit commitment, which does not have matching coverage.

In 1998, WILEX AG granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014, as part of a deferred benefit. The commitment guarantees a one-time endowment payment of € 47 k to the former employee who left the Company in 2014 at the end of his 60th year of life on 1 May 2019, or a disability benefit in the event of disability prior to that date in the amount of 85% of the endowment value, or an equivalent benefit to survivors in the case of death. The plan is therefore not based on the employee's final salary, although in the event of unfavourable capital market developments, a coverage gap could occur between the future one-time payment promised to the beneficiary and the existing plan assets. The amount of the obligation was calculated using the PUC method, and measurement was based on the Heubeck RT2005G actuarial tables. The interest rate used in the calculation was 3.95%. As at 30 November 2015, the pension obligation amounted to € 34 k (previous year: € 28 k). The present value of the pension obligation as of 30 November 2015 amounted to € 34 k (previous year: € 28 k). The Company holds a reinsurance policy that serves as plan assets and cover for the plan. The policy was funded with a one-time payment of € 15 k on 31 January 2000. The plan assets as the present value of the actuarial reserve of the reinsurance policy was valued at € 29 k as of 30 November 2015 (previous year: € 28 k). The net liability resulting from the defined benefit pension plan is therefore € 5 k (previous year: € 0 k), which is reported under pension obligations. The current service cost amounted to € 0 k in 2015 (previous year: € 0 k). In the financial year under review the interest income was € 1 k (previous year: € 1 k) and the interest expense was € 6 k (previous year: € 1 k). The net interest expense therefore amounted to € 5 k in 2015 (previous year: € 0 k). No payouts have been made to date.

A total of € 13 k was paid into Heidelberg Pharma's defined contribution pension plan in the reporting period (previous year: € 3 k) and included in the staff costs for the financial year. There is also a pension commitment in respect of a now retired employee and in respect of Dr Jan Schmidt-Brand, in relation to which reinsurance was arranged for the respective commitment amounts.

19 Other non-current liabilities

As at the 2015 reporting date, neither non-current lease liabilities nor any other non-current liabilities were reported.

In the previous year other non-current liabilities comprised a minimal amount for an anniversary payment which has since been reclassified as current.

	30.11.2015 in € '000	**30.11.2014** in € '000
Obligations from anniversary payments	0	3
Other non-current liabilities	**0**	**3**

20 Liabilities and provisions

Current **trade payables** increased slightly from € 277 k in the 2014 financial year to € 279 k in the financial year under review, and were mainly incurred for services and consulting provided.

A **current lease liability** of € 77 k was recognised in connection with several leases in the 2014 financial year. At the end of the 2015 financial year, there were no longer any significant current lease liabilities.

In the 2015 financial year, **provisions** for staff costs and potential litigation in connection with the lay-offs during restructuring were recognised in the amount of € 60 k.

Due to the premature termination of the existing lease as of 30 September 2015, the provisions recognised in the context of restructuring as of 30 November 2015 no longer include any liabilities for future expenses arising from an onerous lease for empty space. Provisions are still recognised in the amount of € 60 k for expenses relating to workforce redundancies and the results of actions against wrongful dismissal. In the previous year, the total provisions for both of these circumstances still amounted to € 731 k, which was largely reversed to profit or loss during the financial year under review.

€ '000	Onerous lease	Redundancies	Legal consulting for actions against wrongful dismissal	Total
As of 30 November 2014	**603**	**30**	**98**	**731**
Addition	14	20	0	34
Utilisation	(125)	(7)	(57)	(189)
Reversal	(492)	(23)	0	(515)
As of 30 November 2015	**0**	**20**	**41**	**60**

In addition, a provision was recognised in the event the Company were held liable for a rent guarantee furnished to the landlord of Nuclea (legal successor to WILEX Inc.) for its rent liabilities in the amount of € 408 k. Due to Nuclea's prolonged difficulties with rent payment, the landlord asserted claims against WILEX AG arising from the rent guarantee.

Provisions are by definition associated with uncertainty in terms of their amount and timing.

Other current liabilities are comprised as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
Obligation for holidays not taken	138	112
Other deferred income	197	300
Social security and other taxes	138	175
Accrued liabilities	1.395	1.480
Other current liabilities	**1.869**	**2.066**

The **accrued liabilities** are composed as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
Employee bonuses and profit-sharing bonuses	372	800
Costs for preparing the financial statements	120	107
Service anniversary payments	3	0
Deliveries/services	900	573
Total	**1.395**	**1.480**

WILEX recognises accruals for goods and services where it has a current obligation arising from the supply of goods and services received. Accruals were recognised in the amount of the payment outflow required to fulfil the current obligation. Most obligations in this category comprise external research and development costs of service providers in connection with preclinical and clinical work and trials, as well as the cost of production for the basic material. The year-on-year increase is the result of deferred income at Heidelberg Pharma.

Employee bonuses are granted depending on the performance of the Company and of individual employees or members of the Executive Management Board, and are due for payment in the following financial year. The year-on-year decrease is attributable to the fact that the Supervisory Board has resolved that bonuses not contractually guaranteed to the members of the Executive Management Board for 2012 and 2013 will not be paid. Correspondingly, the provisions for Executive Management Board bonuses for 2012 and 2013 totalling € 435 k were reversed.

As in the previous year, the other current liabilities have a remaining life of less than one year.

21 Other disclosures on financial instruments

Carrying amounts and fair values follow from the table below. In addition, the financial instruments were broken down into categories pursuant to IAS 39 (see note 3.14):

in € '000	Measurement category according to IAS 39	Measurement as of 30.11.2015		Measurement as of 30.11.2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Loans and Receivables	0	0	1.777	1.777
Trade receivables	Loans and Receivables	367	367	177	177
Cash and cash equivalents	Loans and Receivables	1.306	1.306	2.197	2.197
Trade payables	Financial Liabilities Amortised Cost	(279)	(279)	(277)	(277)
Lease liabilities (current)	Financial Liabilities Amortised Cost	0	0	(77)	(77)
Total		**1.394**	**1.394**	**3.797**	**3.797**
Aggregation by measurement criteria	Loans and Receivables	1.673	1.673	4.151	4.151
	Financial Liabilities Amortised Cost	(279)	(279)	(354)	(354)

Financial assets in the previous financial year comprised a loan receivable and the resulting interest receivables from Nuclea arising from the sale of WILEX Inc., which were expected to be paid by the start of 2022. On account of uncertainty regarding prolonged payment difficulties by the borrower Nuclea, the interest receivable and the loan receivable in respect of Nuclea were written off in full (see note 11).

Trade receivables all have remaining maturities of less than one year. Default risks affecting assets have only been identified for the receivables from Nuclea for which a risk provision in the full amount of the receivables was recognised.

Most of the trade payables have short remaining maturities, with the result that the carrying amounts also correspond to the fair value as of the reporting date. The lease liabilities are measured based on a payment plan.

The carrying amounts of other assets and liabilities such as cash and cash equivalents as well as trade payables corresponded to their fair values on account of their current nature.

With the exception of the write-off of the full amount of the receivable from Nuclea (€ 2.0 million), no expense or income was incurred for loans or receivables, or for financial liabilities carried at amortised cost. No expensed interest resulting from financial liabilities was reported in the 2015 financial year (previous year: € 100 k).

The table below presents the reconciliation of the balance sheet items related to the classes of financial instruments broken down by carrying amount and fair value.

in € '000	**Measured at amortised cost**		**Measured at fair value**	**Not within the scope of IFRS 7**	**Balance sheet item as of 30.11.2015**
	Carrying amount	**Fair value**			
Assets					
Trade receivables	367	367	0	0	367
Cash and cash equivalents	1,306	1,306	0	0	1,306
All other recognised assets	0	0	0	10,424	10,424
Total assets	***1,673***	***1,673***	***0***	***10,424***	***12,097***
Equity and liabilities					
Trade payables	(279)	(279)	0	0	(279)
Equity and all other recognised liabilities	0	0	0	(11,818)	(11,818)
Total equity and liabilities	***(279)***	***(279)***	***0***	***(11,818)***	***(12,097)***

The following figures apply to the previous year:

in € '000	Measured at amortised cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30.11.2014
	Carrying amount	Fair value			
Assets					
Financial assets	1,777	1,777	0	0	1,777
Trade receivables	177	177	0	0	177
Cash and cash equivalents	2,197	2,197	0	0	2,197
All other recognised assets	0	0	0	10,879	10,879
Total assets	***4,151***	***4,151***	***0***	***10,879***	***15,030***
Equity and liabilities					
Trade payables	(277)	(277)	0	0	(277)
Lease liabilities (current)	(77)	(77)	0	0	(77)
Equity and all other recognised liabilities	0	0	0	(14,676)	(14,676)
Total equity and liabilities	***(354)***	***(354)***	***0***	***(14,676)***	***(15,030)***

Fair value hierarchy levels

In accordance with IFRS 13.76 ff., WILEX uses hierarchy levels to determine and disclose the fair value of financial instruments (see note 5.2).

As of the balance sheet date, the Company held no underlying financial instruments measured at fair value.

In 2015 and 2014, there were no reclassifications of items between fair value hierarchy levels.

Risks from financial instruments:

In respect of risks from financial instruments, see for example the section on the management of financial risks (see note 5).

Financial instruments with an inherent default and liquidity risk mainly comprise cash and cash equivalents, financial assets as well as other receivables. The carrying amounts of the financial assets generally reflect the maximum default risk.

Most of the cash and cash equivalents are denominated in euros, with a smaller amount denominated in US dollars, and have been invested essentially with banks belonging to the German Deposit Insurance Fund and/or the deposit assurance fund of the German Savings Banks Organisation. But WILEX monitors the positions held and the respective bank's credit rating on an ongoing basis nonetheless. No such risks were identifiable at the reporting date.

There is no interest rate risk in the Company's view because its cash and cash equivalents were invested exclusively in demand deposits as of the reporting date.

The Company is exposed to a liquidity risk given both its business model and the still insufficient cash flows from the marketing of its own products. WILEX employs a rolling, monthly cash flow planning and age analysis in order to be able to recognise liquidity risks in

due time. WILEX was able to meet its payment obligations at all times in the financial year just ended.

The trade receivables at the close of the financial year were attributable to business customers; they were invoiced as of the 30 November 2015 reporting date or immediately preceding it. No material trade receivables were past due as of the reporting date (see note 15). No bad debt allowances are necessary in the Executive Management Board's view because WILEX does not expect any default risks to arise.

WILEX is also exposed to a market risk, e. g. from changes in interest rates, and a currency risk from the euro's exchange rate vis-à-vis other currencies. This exchange rate risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable. WILEX reviews the need for foreign currency hedges on an ongoing basis during the year but does not engage in any hedging. Instead, WILEX aims to pay liabilities in foreign currencies using existing bank balances in the respective currency in order to keep the risk of exchange rate fluctuations as low as possible. Translated into the respective currency, as of 30 November 2015 foreign currency risks concerning trade receivables were € 6.3 k in USD, € 0.4 k in GBP and € 0.2 k in RUB.

Any increase or decrease in the euro by 10% compared to the given foreign currency would have had the following effect on earnings and equity in the financial year just ended:

	Increase in € '000	**Decrease** in € '000
Euro vs. British pound (GBP)	0,0	0,0
Euro vs. Russian rouble (RUB)	0,0	(0,0)
Euro vs. US dollar (USD)	0,6	(0,7)

A portion of WILEX's sales revenue was affected by the given USD/EUR foreign exchange rate in the past. Both the up-front payments and the milestone payments were one-off cash transactions that were translated at the reporting date exchange rate, and recognised as revenue or accrued. However, in the 2015 financial year no revenue was generated in USD (previous year: € 907 k). Accordingly, an increase by 10% in the average exchange rate applied (i.e. the USD appreciates vis-à-vis the euro) would have had as little effect on sales revenue as a decrease in the average exchange rate by 10% (i.e. the USD depreciates vis-à-vis the euro). In the previous year revenue would have been affected by the aforementioned exchange rate changes in the amount of € 82 k (positively) and € 101 k (negatively).

The resulting cash and cash equivalents in USD are therefore exposed to foreign currency risks. WILEX monitors the USD exchange rate throughout the year in order to intervene as necessary by selling or buying foreign currencies without however hedging such transactions by means of derivative financial instruments. Cash and cash equivalents in USD as of the 30 November 2015 reporting date were € 49 k (30 November 2014: € 48 k).

Given the contractually fixed interest rates and short maturities, potential market-driven interest rate fluctuations do not have material effects on the financial assets and liabilities.

Non-derivative financial liabilities in the form of trade payables must be classified as current. As a rule, trade payables are due within one month.

22 Sales revenue

Sales revenue in the financial year just ended totalled € 2,284 k (previous year: € 3,597 k).

	2015 in € '000	2014 in € '000
Sales revenue from the provision of services	1.909	1.744
Sales revenue from royalties	375	1.853
Sales revenue	**2.284**	**3.597**

All sales revenue from the provision of services was generated by Heidelberg Pharma. Of that amount, the service business accounted for € 1.0 million (previous year: € 0.7 million) and the ADC technology accounted for € 0.9 million (previous year: € 1.0 million).

Sales revenue from royalties stems from a milestone-based payment made by Link Health Co., Guangzhou, China, (Link Health) for the out-licensing of MESUPRON®.

23 Other income

Other income comprises the following items:

	2015 in € '000	2014 in € '000
Other grants	328	274
Income from exchange rate differences	27	29
Income from subletting	251	57
Income from sales of fixed assets	52	0
Reversal of accrued liabilities / other	980	1.053
Other income	**1.638**	**1.413**

The Federal Ministry of Education and Research (BMBF) has been promoting the Rhine-Neckar region – a biotech hub – as a top cluster for "Cell-based & Molecular Medicine in the Rhine-Neckar Metropolitan Area". The income item "Other grants" stems from these public funds totalling € 328 k (see note 3.21.4).

Income from exchange rate differences – especially from the EUR/USD translation – was also generated in the 2015 financial year (€ 27 k).

Moreover, considerable income of € 251 k was generated from sub-letting at the Munich site.

In addition to other items of € 93 k, other income includes € 887 k (previous year: € 488 k) from a reversal through profit and loss of accrued liabilities and provisions, as well as income from the sale of furniture and fixtures (€ 52 k).

The income from a reversal of accrued liabilities and provisions is the result of the reversal through profit and loss of the following obligations:

- Vacant rental premises € 356 k
- Employees' actions against wrongful dismissal: € 53 k
- Executive Management Board bonuses for 2012 and 2013: € 435 k
- Other: € 43 k

24 Types of expenses

The statement of comprehensive income breaks down operating expenses into the following categories:

- Production
- Research and development
- Administration
- Other

Operating expenses including depreciation, amortisation and impairment losses fell by around 1.4% to € 10,438 k in 2015 (previous year: € 10,586 k). The discontinuation of clinical research activities at WILEX AG and savings in the wake of the restructuring efforts, which have now been fully implemented, were offset almost entirely by the impairment loss on the loan receivable from Nuclea.

Operating expenses	**2015** **in € '000**	**2014** **€ '000**
Cost of sales	1,140	1,355
Research and development costs	4,445	5,572
Administrative costs	4,512	3,177
Other expenses	341	482
Total	**10,438**	**10,586**

Costs of sales concern costs of the respective development candidates and services directly related to revenue. At € 1,140 k, the costs of sales were 16% lower than in the previous year (€ 1,355 k) and represent 11% of total costs.

Research and development (R&D) costs, which were € 5,572 k the previous year, fell by 20% to € 4,445 k. R&D costs account for 41% of all costs.

Administrative costs were € 4,512 k, up 42% on the prior-year level (€ 3,177 k), accounting for 45% of operating expenses. The increase is largely due to the write-off in full of the € 2.0 million loan receivable from Nuclea as the result of prolonged payment difficulties, and a provision recognised for this reason for a pending claim against the Company arising from a rent guarantee furnished to the landlord of Nuclea as the legal successor of the former subsidiary WILEX Inc. (€ 408 k).

Other expenses amounted to € 341 k (previous year: € 482 k), 29% lower than the prior-year figure and accounting for 3% of total costs.

The following expenses are recognised in the statement of comprehensive income:

	2015 in € '000	**2014** in € '000
Staff costs	3.853	4.696
Travel costs	122	175
Rental expenses	678	883
Laboratory and other internal costs	1.141	1.827
Research and development costs	966	1.210
Legal and consulting costs	849	841
Depreciation, amortisation and impairment losses	312	489
Other expenses	2.518	464
Total	**10.438**	**10.586**

Staff costs dropped year on year. The reason for this change was the higher average number of employees in the previous year (see note 25). There was a moderate decrease in rental expenses while income was generated from sub-letting the space at the Munich site (€ 251 k). Laboratory and other internal costs include expenses for inventories of € 89 k (previous year: € 90 k). External research and development costs comprise the cost of purchased services. They fell year-on-year due to the discontinuation of research and development work at WILEX AG.

Legal and consulting costs remained at the previous year's level due to the numerous efforts in connection with restructuring, funding, business development and sales. The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting costs related to business development and administration, costs related to industrial property rights and patents and costs related to the development of ongoing research and development activities.

Depreciation, amortisation and impairment losses fell sharply in 2015 year-on-year due to a lower basis after the extensive impairment losses recognised in 2014 in connection with the gradual wind-up of clinical development activities at the Munich site.

Other expenses in the statement of comprehensive income by type of expense mainly comprise expenses relating to the impairment loss on the Nuclea loan (€ 1,645 k) and the possible rent guarantee (€ 408 k).

The expenses contained in the statement of comprehensive income include € 1,140 k in costs of sales (previous year: € 1,355 k).

25 Staff costs

Staff costs are comprised as follows:

	2015 in € '000	2014 in € '000
Wages and salaries	2.874	3.604
Social security	452	646
Bonuses	146	299
Expense from the granting of stock options	46	27
Other staff costs	336	120
Personalaufwand insgesamt	**3.853**	**4.696**

The wages and salaries item includes staff-related expenses for restructuring measures totalling € 20 k (previous year: € 30 k).Other staff costs mainly comprise expenses for training and continuing education, occupational safety and pensions.

In the comparative periods, WILEX employed the following number of staff on average:

* including the Executive Management Board

	2015	2014
Administration	14	18
Manufacturing, service and distribution	16	19
Research and development	21	34
Average number of employees*	**51**	**71**

Due to the restructuring measures initiated at the end of January 2014, the average headcount in the 2015 financial year was considerably lower than in the preceding year.

The granting of stock options in accordance with IFRS 2 “Share-based Payments” resulted in higher staff costs of € 46 k in 2015 (previous year: € 27 k).

The capital reduction in a ratio of 4:1 in financial year 2014 should be noted in the context of the stock option plans described below (see note 17). As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan). At the same time, after the capital reduction in a ratio of 4:1, the exercise prices have quadrupled from those prior to the corporate action. Contingent capital (the maximum issuing volume) is not affected by the capital reduction and is therefore unchanged by this action.

The following is a breakdown of stock option plan measurement in the reporting year:

2005 Stock Option Plan (2005 SOP)

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Grant date	30.12.2005	31.01.2006	28.02.2006	30.04.2006	30.09.2006	30.09.2007	31.10.2007	30.09.2010
Options outstanding at the beginning of the reporting period	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
Options granted during the reporting period	0	0	0	0	0	0	0	0
Options forfeited (returned) during the reporting period	0	0	0	0	0	0	0	0
Options exercised during the reporting period	0	0	0	0	0	0	0	0
Options expired during the reporting period	0	0	0	0	0	0	0	0
Options outstanding at the end of the reporting period	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
Options exercisable as of 30.11.2015	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

The options defined as vested in the table above cannot be exercised until the next exercise window, according to the option terms. At that point, they can be exercised provided that WILEX AG’s share price then is still 10% higher than the relevant reference price. All outstanding options issued under the Stock Option Plan 2005 are now theoretically available for exercise because the waiting period has expired and the options have vested.

The fair value of stock options has been calculated on the basis of a binominal model. The fair values are illustrated in the following. Settlement is carried out in equity securities.

	Issue date	Expected term	Share price on issue date €	Total term	Exercise price (on issue date) €	Volatility	Risk-free interest rate	Option value (rounded) €
Tranche 1	30.12.2005	24 months	6,90	10 years	5,52	42,54%	2,86%	2,42
Tranche 2	31.01.2006	24 months	6,90	10 years	5,52	40,40%	2,97%	2,36
Tranche 3	28.02.2006	25 months	6,90	10 years	5,52	41,69%	3,06%	2,44
Tranche 4	30.04.2006	24 months	6,90	10 years	5,52	40,61%	3,44%	2,40
Tranche 5	30.09.2006	24 months	6,90	10 years	5,52	43,25%	3,56%	2,48
Tranche 6	30.09.2007	24 to 48 months	9,84	10 years	9,73	45.3% - 47.4%	4.06% - 4.15%	2.92 to 4.08
Tranche 7	31.10.2007	24 to 47 months	9,02	10 years	9,62	47.4% - 50.1%	4.06% - 4.08%	2.55 to 3.57
Tranche 8	30.09.2010	24 to 48 months	4,70	10 years	4,34	61.7% - 72.0%	0.72% - 1.20%	1.96 to 2.33

An expected dividend yield of 0% was assumed for all eight tranches as of the measurement date. The stock options had the following maximum terms as of the reporting date:

	Issue date	30.11.2015	30.11.2014
Tranche 1	30.12.2005	0,08	1,08
Tranche 2	31.01.2006	0,17	1,17
Tranche 3	28.02.2006	0,24	1,24
Tranche 4	30.04.2006	0,41	1,41
Tranche 5	30.09.2006	0,83	1,83
Tranche 6	30.09.2007	1,83	2,83
Tranche 7	31.10.2007	1,92	2,92
Tranche 8	30.09.2010	4,83	5,83

WILEX no longer incurred any costs in 2015 under the 2005 Stock Option Plan:

	2015 € '000	2014 € '000
Expenses for the period from 2005 stock option plan	0	4

Taking into account the capital reduction described above, now four of these stock options entitle the holder to the acquisition of one new share in return for payment of the exercise price. After the rights issue in April 2015 in which new shares were offered at a subscription price of € 2.80, the exercise price was a uniform € 11.20 as of the balance sheet date (and thus also on average). The new reference price is therefore € 11.20 + 10% x € 11.20 = € 12.32.

In the meanwhile, the authorisation to grant stock options from the 2005 SOP expired. New options can now only be issued from the new plan described below.

Due to the ten-year term of the options running from issuance to expiration without replacement if they fail to be exercised, it should be noted that because of time limitations on the exercise window, 570,809 stock options (447,950 for current or former Executive Management Board members and 122,859 for current or former employees) will expire during the period following the reporting date of 30 November up to publication of these consolidated financial statements.

2011 Stock Option Plan (2011 SOP)

The Annual General Meeting resolved on 18 May 2011 to authorise WILEX AG to issue a total of 809,488 stock options as part of the 2011 Stock Option Plan to employees of WILEX AG and its affiliates.

Taking into account the previous year's capital reduction at a ratio of 4:1 described above, now four stock options entitle the holder to the acquisition of one no par value bearer share of WILEX AG in return for payment of the exercise price of € 3.53. As a result, the conversion price for one share is € 3.53 x 4 = € 14.12. The reference price is € 3.53 + 20% x € 3.53 = € 4.24.

The first time the stock options can be exercised is after a lock-up period of four years from the respective issuing date. The stock options can only be exercised if WILEX's share price during the ten trading days preceding the start of the relevant exercise period ("reference price") exceeds the exercise price by at least 20% (absolute performance target). Furthermore, it must be noted that the options can only be exercised as long as the reference price exceeds the exercise price at least by the ratio by which the TecDAX on the last trading day prior to the relevant exercise period exceeds the TecDAX on the issuing date (relative performance target). The payout amount per employee for the exercised stock options continues to be limited to three times the annual gross remuneration (including all

benefits subject to income tax, such as company cars, etc.) that the beneficiary received from the Company or its affiliates in the twelve months preceding the exercise date (cap agreement).

In view of the terms of exercise under the option plan, the April 2015 rights issue has no effect on the exercise price or the option ratio because the share capital increase granted direct subscription rights to shareholders. No stock options were issued to or returned by members of the Executive Management Board in the past financial year.

The stock options granted under the 2011 SOP developed as follows in the financial year just ended:

	Tranche 1
Grant date	30.03.2012
Options outstanding at the beginning of the reporting period	185.610
Options granted during the reporting period	0
Options forfeited (returned) during the reporting period	2.400
Options exercised during the reporting period	0
Options expired during the reporting period	0
Options outstanding at the end of the reporting period	183.210
Options exercisable as of 30.11.2015	0
Maximum term	10 years

The 2011 SOP was classified and measured as an equity-settled share-based payment. The fair value of the capital reserves to be recognised as a liability due to the stock option plan was calculated based on a Monte Carlo model. In the financial year just ended, there was no change to the plan, and it was not revoked.

WILEX incurred the following costs in 2015 under the 2011 Stock Option Plan:

	2015 € '000	2014 € '000
Expenses for the period from 2011 stock option plan	46	23

Measurement is based on the following parameters:

	Tranche 1
Measurement date	30.03.2012
Exercise price (uniform and therefore also average)	€ 3.53
Price of the WILEX share as of the measurement date (before 1:4 capital reduction)	€3.82
Expected vesting period until the measurement date	4.81 years
Expected volatility of the WILEX share	57.83%
Expected dividend yield of the WILEX share	0.00%
Risk-free interest rate	0.61%
Maximum vesting period	10 years

The expected volatility was calculated based on the historical volatility of the WILEX share over the past five years.

The fair value of the stock options granted in the 2012 financial year as part of the 2011 SOP amounted to € 2.13 per option as of the measurement date.

During the financial year just ended, no new stock options were granted to members of the Company's Executive Management Board, executives of affiliates and non-executive employees of the Company or affiliates.

WILEX issued a total of 1,431,931 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 1,142,888 options (814,835 for current or former Executive Management Board members and 328,053 for current or former employees) were outstanding and of which 1,134,314 options had vested as of the end of the reporting period (810,585 for current or former Executive Management Board members and 323,729 for current or former employees). A total of 2,400 options were returned in the financial year ended because employees left the Company. No stock options have been exercised to date.

26 Net currency gains/losses

WILEX posted a currency gain of € 27 k and a currency loss of € 2 k in the 2015 financial year, which resulted in a net currency gain of € 25 k (previous year: € 8 k).

27 Financial result

	2015 in € '000	**2014** € '000
Interest income from bank accounts/Other	3	87
Finance income	**3**	**87**
Interest expense from leasing and current liabilities to banks	0	(1)
Interest expense from shareholder loans and others	(1)	(117)
Finance costs	**(1)**	**(118)**
Financial result	**3**	**(31)**

The year-on-year improvement of the financial result is due to the fact that finance costs in the previous year still included interest expense for the shareholder loan granted by UCB. These no longer applied in financial year 2015 because of the waiver of the loan in 2014.

28 Income taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the financial year ended, with the exception of € 38 k in foreign withholding tax. Neither expenses nor income from deferred taxes were included in tax expenses in 2014 and 2015.

Deferred tax assets or liabilities were determined using the tax rates in effect in each case. A composite tax rate of 32.98% (previous year: 32.98%) was applied to the parent company, WILEX AG, which is comprised of a corporation tax rate of 15% (previous year: 15%), solidarity surcharge of 5.5% (previous year: 5.5%) and municipal trade tax of 17.15% (previous year: 17.15%).

A tax rate of 28.43% (unchanged from the previous year) was applied to the subsidiary Heidelberg Pharma.

The reported current tax expense deviates from the expected tax income. The nominal tax rate of 32.98% (previous year: 32.98%) must be applied to income in accordance with IFRSs. Reconciliation of the differences is shown in the following table.

	2015 in € '000	2014 in € '000
Earnings before tax	(6.514)	(5.608)
Tax rate	32,98%	32,98%
Expected tax income	**2.148**	**1.849**
Deferred taxes on losses for the period not qualifying for recognition	(2.092)	(1.603)
Change in non-recognised temporary differences	126	(55)
Non-deductible operating expenses / Other	(144)	(99)
Reported tax expense	38	93

The existing deferred tax assets and deferred tax liabilities as of 30 November are attributable as follows:

	2015 € '000	2014 € '000
Deferred tax assets		
Intangible assets	5	0
Other current assets	0	21
Other non-current assets	641	332
Different carrying amount of the equity investment	109	109
Recognised tax loss carryforwards	706	847
Other provisions	0	3
	1,462	**1,313**
Deferred tax liabilities		
Intangible assets	731	748
Property, plant and equipment	16	136
Other non-current assets	369	207
Other liabilities / provisions	312	204
Other	34	18
	1,462	**1,313**
Deferred income taxes, net	**0**	**0**

As in the previous year, € 109 k of the deferred tax assets resulted from outside basis differences in respect of different measurements of the equity investment.

Applying IAS 12.74, deferred tax assets and liabilities have been offset, since they exist vis-à-vis the same taxation authority and arise in the same periods. Deferred tax assets on loss carryforwards are recognised only in an amount that corresponds to the amount in which deferred tax liabilities offset such deferred tax assets.

As further losses can be expected in the foreseeable future, no deferred tax assets were recognised regarding the following:

	2015 € '000	2014 € '000
Loss carryforwards		
for corporation tax	225,431	216,569
for trade tax	222,454	213,742
Deductible temporary differences	**0**	**0**
Loss carryforwards used or offset	**2,526**	**2,860**

The tax loss carryforwards shown are mainly attributable to WILEX AG (corporation tax loss carryforward of € 173,522 k; municipal trade tax loss carryforward of € 170,544 k) and may be carried forward indefinitely. Other tax loss carryforwards concern the subsidiary Heidelberg Pharma. Heidelberg Pharma has € 51,909 k in losses carried forward for corporation tax and municipal trade tax purposes. Deferred tax assets (amounting to € 706 k) were recognised in the financial year just ended for € 2,526 k in tax loss carryforwards and offset against correspondingly high deferred tax liabilities.

Note the following in regards to the tax loss carryforwards available to WILEX AG and Heidelberg Pharma: The deduction of existing losses carried forward is excluded if the company carrying forward these losses loses its tax identity. In accordance with Section 8 (4) German Corporation Tax Act (version applicable until the end of 2007), a company is deemed to have lost its tax identity if the two following criteria are met cumulatively: (i) more than 50% of the shares in the company have been transferred and (ii) the company continues or relaunches its operations mainly with new assets. The legal limit on deductibility of operating losses applies to corporation tax and municipal trade tax.

In the past financial year, the Company was subject to its first tax audit for the period from 2008 to 2010. As a result, a final determination was made that the loss carryforwards accrued by 31 December 2010 amounted to € 149.8 million (corporation tax) and € 147.3 million (trade tax).

Effective 1 January 2008, under amended Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carryforwards whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act, the capital increases carried after 2010 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards.

In 2011, WILEX AG acquired 100% of the shares in Heidelberg Pharma, as a result of which the tax loss carryforwards of € 40,286 k accumulated by Heidelberg Pharma up to the acquisition date are at risk. The only thing that is not in doubt is that the tax loss carryforwards corresponding to the undisclosed reserves transferred may be retained. The undisclosed reserves result from the difference between the transaction price under German tax law and the equity of Heidelberg Pharma under German tax law; they amount to € 12,808 k.

A purchase price allocation carried out in connection with this transaction resulted in the identification of intangible assets and goodwill. The deferred tax liabilities determined in

connection with the valuation amounted to € 800 k; they were offset in the same amount by deferred tax assets from tax loss carryforwards taken over. As of 30 November 2015, € 731 thousand (previous year: € 745 thousand) in deferred tax liabilities were determined; the Company continues to make use of the option to offset them against deferred tax assets in accordance with IAS 12.74.

29 Earnings per share

29.1 Basic

Basic earnings per share are calculated by dividing the net profit for the year available to shareholders by the average number of shares issued during the financial year.

	2015	2014
Net loss for the year attributable to equity providers (in € '000)	**(6,552)**	**(5,701)**
Corporate actions during the financial year		
Number of issued shares at the beginning of the financial year (in thousand)	**7,819**	**31,276**
Number of shares newly issued during the financial year (in thousand)	1,487	0
Number of shares consolidated during the financial year (in thousand)	0	23,457
Number of issued shares at the end of the financial year (in thousand)	**9,306**	**7,819**
Average number of shares issued during the financial year (in thousand)	8,776	7,819
Basic earnings per share based on issued shares (in € per share)	**(0.75)**	**(0.73)**
Corporate actions after the 2015 financial year		
Number of issued shares at the end of the financial year (in thousand)	**9,306**	**7,819**
Number of shares newly issued after the financial year (in thousand)	1,374	0
Number of shares consolidated after the financial year (in thousand)	0	0
Number of issued shares used for calculating earnings per share (in thousand)	**10,679**	**7,819**
Average number of shares issued during the financial year (in thousand)	10,679	7,819
Basic earnings per share based on issued shares (in € per share)	**(0.61)**	**(0.73)**

In principle, it should be noted that due to the capital reduction conducted during the 2014 financial year (see note 17), the number of shares used for this calculation was adjusted in accordance with IAS 33.64.

Basic earnings per share in 2015

As of the reporting date, 9,305,608 shares had been issued. After the reporting date but before approval is given for publication of these financial statements, 1,373,684 new no par value bearer shares were issued. As a result the divisor used in this calculation is the new average number of shares, i.e. 10,679,292. The basic earnings per share in 2015 thus amount to € -0.61. Where reference is made to the average shares outstanding as of the 2015 reporting date, the basic earnings per share as of 30 November 2015 amount to € -0.75 (based on 9,305,608 shares).

Basic earnings per share in 2014

The basic earnings per share for 2014 (€ -0.73) are calculated using a uniform divisor of 7,818,876 shares. This figure was determined by consolidating the average number of shares by a ratio of 4:1 and thus reducing the number of outstanding no par value shares by 23,456,628 to 7,818,876 shares. Prior to this, the Company's share capital had been reduced by three shares from 31,275,507 to 31,275,504 to obtain an even reduction ratio for the ordinary capital reduction. Where reference is made to the average shares outstanding as of the 2014 reporting date, the basic earnings per share as of 30 November 2014 also amount to € -0.73 (based on 7,818,876 shares).

29.2 Diluted

The basic and diluted earnings per share of WILEX are calculated based on the same number of shares in accordance with IAS 33.47 because the average market price of WILEX shares during the entire period fell below the exercise price of the stock options.

30 Leases, guarantees and obligations

A total of € 19 k in security deposits were made available for finance and operating leases as of the reporting date (previous year: € 9 k), € 9 k of which were repaid in December 2015 due to the expiration of the finance leases. In the past financial year, there was one new operating lease acquisition for which a security deposit of € 10 k was paid.

30.1 Finance leases

Laboratory equipment was purchased in prior periods by means of finance leases with terms of 36 months in each case subject to capitalisation and depreciation of the purchase cost in property, plant and equipment. All finance leases have now expired and have been reclassified as property, plant and equipment (see note 9).

These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. Whilst price adjustment clauses were not stipulated, all finance leases offered an option to purchase the leased equipment once the given lease expired. This option was exercised in each case and the relevant asset purchased.

The net carrying amount of all assets acquired under finance leases as of the reporting date was € 0 k due to the expiration of all such leases (previous year: € 99 k).

WILEX will therefore no longer incur any minimum obligations under finance leases in future reporting periods.

Obligation under finance leases (laboratory equipment) as of	**up to 1 year** in € ‘000	**1-5 years** in € ‘000	**after 5 years** in € ‘000	Total in € ‘000
30.11.2015	0	0	0	**0**
30.11.2014	77	0	0	**77**
Discounting effect				
30.11.2015	0	0	0	**0**
30.11.2014	0	0	0	**0**
Present value of minimum lease payments				
30.11.2015	0	0	0	**0**
30.11.2014	77	0	0	**77**

30.2 Operating leases, guarantees and obligations

WILEX has also leased laboratory and office equipment under operating leases, which will expire at different times until 2018. All of the parent company's office premises used at present are rented under leases expiring at the end of December 2016. The leases can be terminated by giving six months notice as of the end of a month. The leases for the premises of the subsidiary Heidelberg Pharma may be terminated on short notice. The cost of office and laboratory equipment as well as office and laboratory premises under the operating leases are reported as other expenses in the statement of comprehensive income, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	**in € '000**
2015	555
2014	689

The decrease in expenses is due to the change in WILEX AG's rental situation. The Company was able to terminate the original lease for the office and laboratory space in Munich as of 30 September 2015 with the subsequent lessee assuming all of the lease obligations. From 1 October 2015 onwards, WILEX has rented the – much smaller – offices needed in Munich under a sublease.

WILEX has pledged bank accounts with a balance of € 10 k as deposit for the landlord. No other guarantees exist.

The future minimum annual payments under tenancy agreements and leases are comprised as follows:

Obligations as of 30.11.2015	**up to 1 year** in € '000	**1-5 years** in € '000	**more than 5 years** in € '000	Total in € '000
Rental obligations for laboratory and office premises	77	7	0	84
Obligations under operating leases (laboratory and other office equipment, vehicles)	17	26	0	43
	94	**33**	**0**	**127**

Below are previous year's figures:

Obligations as of 30.11.2014	**up to 1 year** in € '000	**1-5 years** in € '000	**more than 5 years** in € '000	Total in € '000
Rental obligations for laboratory and office premises	653	688	0	1.340
Obligations under operating leases (laboratory and other office equipment, vehicles)	15	4	0	20
	668	**692**	**0**	**1.360**

These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. No price adjustment clauses were stipulated, and there is no obligation to purchase the leased equipment once the given lease expires.

As of the 2015 reporting date, the Company has a contingent liability in the context of the 2013 sale of former subsidiary WILEX Inc. to Nuclea. The leasing of premises by the former subsidiary WILEX Inc. was originally based on a sub-lease between Siemens Corporation, New Jersey, USA, as landlord and WILEX Inc. as sub-letter. As part of the acquisition of

Oncogene Science (later: WILEX Inc.), WILEX AG assumed a rental payment guarantee and a guarantee for payment of damages in case of default in respect of the landlord in 2010. After the sale of the entity and as a result of the merger of WILEX Inc. into Nuclea Biotechnologies Inc. (Nuclea) on 6 November 2013, Nuclea entered into the agreement as tenant. The monthly rent amounts to USD 56 k, or USD 673 k per year. The sub-lease was signed in 2010 for an initial period ending on 31 January 2016. The guarantee furnished by WILEX AG for WILEX Inc. in respect of the landlord remained in effect even after the merger of WILEX Inc. with Nuclea. On the basis of a separate agreement between Nuclea and Siemens Corporation, the lease was extended to 27 February 2019 without the involvement of WILEX AG. Currently, the tenant's rent payments are in arrears for a prolonged period up to 31 January 2016. In accordance with the principle of prudence, WILEX AG has recognised a provision for the liability from the rent guarantee in the amount of € 408 k. In addition, there is a possibility in the future that the agreement could result in WILEX AG being held liable in respect of the landlord for damages due to the default of the current tenant Nuclea and for rent in arrears from the period after 31 January 2016. Currently, the Company believes that Nuclea will fulfil its obligations in respect of the landlord arising from the lease in the period after 31 January 2016 and that the landlord does not have grounds to assert legal claims against WILEX AG for damages due to default.

Another contingent liability existed until the end of the 2014 comparative period in that WILEX might have had the obligation under the lease at that time to return the laboratory equipment at the Munich site to its original condition if the lessor had so desired at the end of the lease. However, during the financial year WILEX was able to terminate the lease for the office and laboratory space in Munich as of 30 September 2015 with the subsequent lessee assuming all of the lease obligations, including the obligation to return the laboratory equipment to its original condition, which will result in considerable savings. From 1 October 2015 onwards, WILEX has rented the – much smaller – offices needed in Munich under a sublease.

In the past financial year, WILEX entered into agreements to sub-let office and laboratory space left unused due to workforce redundancies. This generated income of € 251 k (previous year: € 57 k). WILEX can also expect minimum payments of € 2 k from sub-leases already terminated as of the reporting date.

31 Corporate bodies and remuneration

31.1 Executive Management Board

The Executive Management Board members of WILEX AG in reporting period were:

Dr Jan Schmidt-Brand, Chief Financial Officer and Spokesman of the Executive Management Board

Dr Paul Bevan, Head of Research and Development

In parallel to his work as a member of the Executive Management Board, Dr Jan Schmidt-Brand acts as the Managing Director of Heidelberg Pharma, a position he has held since 2004. In the interests of transparency, the remuneration of Dr Schmidt-Brand is presented in full, which means that the amounts that he has earned as Managing Director of the subsidiary Heidelberg Pharma are also listed below.

31.2 Supervisory Board

As of 30 November 2015, the Supervisory Board of WILEX AG, which was elected at the Annual General Meeting on 30 July 2015, comprised the following members:

- Professor Christof Hettich, Lawyer and partner at RITTERSHAUS Rechtsanwälte Partnerschaftsgesellschaft mbB, Mannheim/Frankfurt am Main/Munich; Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf; and Chairman of the Management Board of SRH Holding SdbR, Heidelberg (Chairman of the Supervisory Board of WILEX AG)
- Dr Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board of WILEX AG)
- Dr Friedrich von Bohlen und Halbach, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf
- Andreas R. Krebs, Managing Partner, CologneInvest GmbH, Cologne
- Dr Birgit Kudlek, Chief Operating Officer & Chief Development Officer AENOVA Holding GmbH, Starnberg
- Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf (new member of the Supervisory Board of WILEX AG since 30 July 2015)

At the end of the Annual General Meeting on 30 July 2015 Professor Iris Löw-Friedrich (Chief Medical Officer and Executive Vice President Global Projects and Development, UCB S.A., Brussels, Belgium) stepped down from the Supervisory Board of WILEX AG.

31.2.1 Supervisory Board committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee deals with employment issues and with the remuneration of the members of the Executive management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. Professor Christof Hettich is the Chairman; Andreas R. Krebs is a member of this committee.

In addition, a Research and Development Committee tasked with issues related to WILEX's oncological product candidates was established in September 2010. This committee is chaired by Dr Friedrich von Bohlen and Halbach; Andreas R. Krebs and Dr Birgit Kudlek are additional members.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr Georg F. Baur. Its further members are Dr. Friedrich von Bohlen und Halbach and Dr Birgit Kudlek.

31.2.2 Other appointments of the Supervisory Board members

In addition to being a member of the Supervisory Board of WILEX AG, Professor Christof Hettich is also the Chairman or a member of the following bodies:

Company	**Position**
Agennix AG i.L., Heidelberg	Chairman of the Supervisory Board
InterComponentWare AG, Walldorf	Chairman of the Supervisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Chairman of the Advisory Board

febit Holding GmbH, Heidelberg	Chairman of the Advisory Board
febit Inc., Massachusetts, USA	Non-executive Chairman of the Board of Directors
immatics biotechnologies GmbH, Tübingen	Vice Chairman of the Advisory Board
SRH Holding SdbR, Heidelberg	Chairman of the Supervisory Board (currently inactive)
Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter Pharma-Fertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg	Member of the Advisory Boards
Molecular Health GmbH, Heidelberg	Member of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Georg F. Baur is also the Chairman or a member of the following bodies:

Company	**Position**
Franz Haniel & Cie. GmbH, Duisburg	Vice Chairman of the Supervisory Board
Hussel GmbH, Hagen	Chairman of the Advisory Board
J.F. Müller & Sohn AG, Hamburg	Chairman of the Supervisory Board
TAKKO Fashion GmbH, Telgte	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Friedrich von Bohlen und Halbach is also the Chairman or a member of the following bodies:

Company	**Position**
Apogenix GmbH, Heidelberg	Chairman of the Advisory Board
AC Immune SA, Lausanne. Switzerland	Member of the Board of Directors
Cosmo S.p.A., Milan, Italy	Non-executive member of the Board of Directors
CureVac AG, Tübingen	Chairman of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
febit Holding GmbH, Heidelberg	Member of the Advisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Molecular Health GmbH, Heidelberg	Chairman of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board
SYGNIS AG, Heidelberg	Member of the Supervisory Board
Wyss Translational Center, Zurich, Switzerland	Member of the Evaluation Board

In addition to being a member of the Supervisory Board of WILEX AG, Andreas R. Krebs is also the Chairman or a member of the following bodies:

Company	Position
Merz GmbH & Co. KGaA, Frankfurt am Main	Chairman of the Supervisory Board and the Shareholders' Council
Merz KGaA, Frankfurt am Main	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Mathias Hothum is also the Chairman or a member of the following bodies:

Company	Position
Apogenix GmbH, Heidelberg	Member of the Advisory Board
AC Immune SA, Lausanne, Switzerland	Member of the Board of Directors
CureVac AG, Tübingen	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
Joimax GmbH, Heidelberg	Chairman of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board

Dr Birgit Kudlek is neither the Chairwoman nor a member of other control bodies as defined by Section 125 (1) sentence 5 German Stock Corporation Act. Professor Iris Löw-Friedrich also was a member of the Supervisory Board of Evotec AG, Hamburg, while she was a member of the Supervisory Board of WILEX AG.

The members of the Company's Supervisory Board were not active in any other control bodies at the reporting date above and beyond the activities described in the foregoing.

31.3 Remuneration of corporate bodies

A detailed description of the remuneration model and the information on remuneration of each Executive Management Board and Supervisory Board member are included in the remuneration report, which is part of the combined management report. These disclosures were subject to the audit of the annual financial statements and consolidated financial statements. The remuneration report is included in chapter 6, "Corporate governance", of the combined management report.

31.3.1 Executive Management Board

Remuneration consists of a salary (fixed remuneration), other benefits (non-cash remuneration), a variable remuneration component and a stock option programme with a long-term incentive and a risk element.

The members of the Executive Management Board received total remuneration of € 504 k (previous year: € 724 k) in financial year 2015, € 355 k (previous year: € 476 k) of which was fixed remuneration, € 136 k (previous year: € 136 k) was variable remuneration and € 13 k (previous year: € 112 k) was paid in the form of other benefits or non-cash remuneration.

For information on the remuneration component of the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 financial year. As a result, now only four options entitle the holder to acquire one share, instead of one

option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan).

At the same time, following the 4:1 capital reduction, the exercise prices and reference prices quadrupled compared with the situation prior to the measure.

The serving Executive Management Board members (Dr Schmidt-Brand and Dr Bevan) received a total of 243,180 stock options as of 30 November 2015 (30 November 2014: 243,180) from this stock option programme with a long-term incentive and a risk element. The cumulative fair value of all stock options granted to the Executive Management Board was € 529 k as of the end of the reporting period (previous year: € 529 k). The expenses for the current members of the Executive Management Board incurred in connection with the share-based remuneration in the financial year just ended totalled € 21 k (previous year: € 21 k). The comparison figures for the previous financial year refer to the previous Executive Management Board with four members.

31.3.2 Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed remuneration for each full financial year of service on the Supervisory Board. Members of a Supervisory Board committee are paid a flat fee per financial year and committee. The Supervisory Board members do not receive variable remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

The remuneration paid to Supervisory Board members who were not in service for a full financial year is pro-rated in accordance with the duration of their membership on the Supervisory Board.

In the 2015 financial year, the members of the Supervisory Board were paid remuneration of € 196 k (previous year: € 215 k) without reimbursement of travel expenses.

32 Related party transactions

Balances and transactions between the Company and its subsidiaries which are related parties were eliminated in consolidation and are not outlined in this note. Details concerning transactions between the Group and other related parties are listed below.

32.1 Shares held by the Management Board and the Supervisory Board

As of 30 November 2015, the Executive Management Board held 35,829 shares (representing 0.39% of the Company's share capital of 9,305,608 shares).

The Supervisory Board for its part held 41,885 shares directly and 3,448,721 shares indirectly (representing 0.45% and 37.06%, respectively, of the Company's share capital). Chapter 6.2.3, Shares held by the Supervisory Board and the Executive Management Board, of the combined management report contains a disclosure of the shareholdings of the individual Board members.

32.2 Directors' dealings

As a rule, reportable transactions are published on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Directors' Dealings".

In the 2015 financial year, WILEX AG's executives reported the following transactions (directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz).

Name	Date	Transaction	Market-place	Price in €	Number	Volume in €
Andreas R. Krebs (Supervisory Board)	07.04.2015	Purchase by way of subscription	OTC	2.80	2,380	6,664.00
Dr Jan Schmidt-Brand (Executive Management Board member)	07.04.2015	Purchase by way of subscription	OTC	2.80	5,732	16,049.60
dievini Hopp BioTech holding GmbH & Co. KG[1]	07.04.2015	Purchase by way of subscription	OTC	2.80	411,178	1,151,298.40
dievini Hopp BioTech holding GmbH & Co. KG[1]	09.04.2015	Purchase by way of subscription	OTC	2.80	543,455	1,521,674.00

[1] The Supervisory Board members Professor Christof Hettich and Dr Friedrich von Bohlen und Halbach have management responsibilities at dievini Hopp BioTech holding GmbH & Co. KG, which is a shareholder of WILEX AG.

32.3 Other transactions

- In 1998, WILEX granted a defined benefit pension commitment to Professor Olaf G. Wilhelm that promises the beneficiary a one-time payment of € 47 k upon reaching the age of 60. The defined benefit pension commitment is based on plan assets funded with a one-time payment of € 15 k into a reinsurance policy in 2000. WILEX assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.

  Furthermore, Heidelberg Pharma granted Dr Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the company for which matching reinsurance was arranged.

- Since 2005, WILEX has issued a total of 1,006,515 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 112,000), of which 814,835 options were outstanding after returns following employees leaving the Company (2005 Plan: 729,335; 2011 Plan: 85,500).

  As of the end of the reporting period, 810,585 of these options are vested (2005 Plan: 729,335; 2011 Plan: 81,250). No stock options have been exercised to date.

- The Rittershaus law firm provided legal consulting services for WILEX AG and Heidelberg Pharma of approximately € 39 k in the reporting period. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

No other relationships to related parties exist. Furthermore, no transactions that were not at arm's length within the meaning of IAS 24.23 were entered into.

32.4 Expenses for the auditors

Deloitte & Touche Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company's consolidated financial statements at its Annual General meeting on 30 July 2015. The following fees for services were recorded as expenses in the periods reviewed:

	2015 € '000	2014 € '000
Auditing services	80	70
Other verification services	16	0
Expenses for auditors	**96**	**70**

Audit fees (€ 80 k) solely concern the statutory audit of the consolidated financial statements pursuant to IFRS and the audit of the annual financial statements pursuant to HGB.

32.5 Disclosures regarding the majority shareholder

Mr Dietmar Hopp (Germany) informed us on 13 April 2015 in accordance with section 21 (1) of the German Securities Trading Act that his share of the voting rights of WILEX AG exceeded the 50% voting right threshold on 13 April 2015 and on that day amounted to 51.67% (corresponding to 4,808,356 voting rights). A total of 49.83% of the voting rights, or 4,636,818 voting rights, are attributable to Mr Hopp pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act. The attributed voting rights are held via the following companies he controls and whose share of the voting rights of WILEX AG amounts to 3% or higher in each case: Curacyte GmbH, dievini Hopp BioTech holding GmbH & Co. KG, DH-Capital GmbH & Co. KG, DH-Holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH.

As a result of the capital increase shortly after the reporting date, Mr Hopp further increased his share of the voting rights of WILEX AG via his controlled companies (see note 34.1).

33 Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act

The Declaration of Conformity to be submitted annually in accordance with Section 161 of the German Stock Corporation Act was submitted by the Executive Management Board and the Supervisory Board in February 2016. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

34 Events after the reporting period

34.1 Rights issues supported by main shareholder dievini

In November 2015 the Executive Management Board of WILEX AG presented and kicked off a comprehensive, multi-stage financing strategy. The first step of the strategy stipulated two capital increases from authorised capital without publishing prospectuses for purposes of short-term financing of the Company.

Private placement – Increase in share capital by around 10% using authorised capital and excluding shareholders' subscription rights

The first corporate action was a private placement with main shareholder dievini by way of an increase in share capital by around 10% using authorised capital. dievini acquired all 930,560 new no par value bearer shares at an issue price of € 1.84. Once this capital increase was entered in the Commercial Register, this lifted the Company's share capital by 10%, from € 9,305,608.00 to € 10,236,168.00.

Capital increase using authorised capital with subscription rights

The second corporate action was a capital increase using authorised capital with subscription rights. The Company's share capital was increased from € 10,236,168.00 (share capital after the implementation of the capital increase with exclusion of shareholders' subscription rights was entered in the Commercial Register) by up to € 443,124.00 to up to € 10,679,292.00 by issuing up to 443,124 new no par value bearer shares with a notional value of € 1.00 each in return for cash contributions. As in the private placement with dievini, the subscription price was € 1.84 per share.

The subscription ratio was 21 existing shares to 1 new share, and the subscription period ended on 8 December 2015. WILEX shareholders acquired all 443,124 new no par value bearer shares. Subscription rights were exercised for 184,419 New Shares and additional subscription rights were exercised by shareholders for 258,705 New Shares.

Both actions were completed on 11 December 2015 when they were entered in the Commercial Register. After partial utilisation, Authorised Capital I 2012/I now amounts to € 3,086,521.00.

All new shares from both capital increases were admitted to trading in the regulated market of the Frankfurt Stock Exchange (Prime Standard) without the publication of an offering prospectus on 15 December 2015 and carry dividend rights from 1 December 2015. Given this difference in dividend rights, the new shares will be traded separately under the ISIN DE000A169P97 / WKN A16 9P9 until the planned inclusion in the Company's current listing, which will take place after the Annual General Meeting adopting resolutions regarding the 2014/2015 financial year. Oddo Seydler Bank AG, Frankfurt, was the sole lead manager of the capital measures.

In the period when the financial statements were prepared, WILEX AG's executives reported the following transactions (directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz).

Name	Date	Transaction	Market-place	Price in €	Number	Volume in €
dievini Hopp BioTech holding GmbH & Co. KG[1]	07.12.2015	Subscription of private placement	OTC	1.84	930,560	1,712,230.40
dievini Hopp BioTech holding GmbH & Co. KG[1]	04.12.2015	Purchase by way of subscription	OTC	1.84	148,897	273,970.48
dievini Hopp BioTech holding GmbH & Co. KG[1]	11.12.2015	Purchase by way of oversubscription	OTC	1.84	219,728	404,299.52
Dr Jan Schmidt-Brand (Executive Management Board member)	8.12.2015	Purchase by way of subscription	OTC	1.84	1,705	3,137.20

[1] The Supervisory Board members Dr von Bohlen and Professor Hettich are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which holds the shares.

34.2 WILEX partner Link Health submits protocol for Phase I clinical trial with the uPA inhibitor MESUPRON® in China

On 13 January 2016 it was announced that Link Health had submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for completing a Phase I dose-escalation study with the product candidate MESUPRON®.

This open-label, dose-escalation trial aims to investigate the safety, pharmacokinetics, pharmacodynamics and clinical activity of MESUPRON® in cancer patients in China. Following this trial, which is expected to confirm the optimal biological dose, further Phase II trials in cancer patients are planned.

The remaining € 100 k of the originally agreed milestone payment totalling € 500 k was therefore due to WILEX AG and has already been paid. After withholding € 25 k in local levies and local taxes, a partial payment of € 375 k was already made in the second quarter of 2015 after some MESUPRON® patents were transferred to Link Health, which needed them to apply for grants under a national subsidy programme.

Munich, 15 March 2016

WILEX AG, the Executive Management Board

Dr Jan Schmidt-Brand
Spokesman of the Executive Management Board

Dr Paul Bevan
Head of Research and Development

The following auditors' report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the consolidated financial statements of Wilex AG as of and for the financial year ended 30 November 2015 and the combined management report. The combined management report is not included in this Prospectus.

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Wilex AG, Munich, comprising the balance sheet, statement of comprehensive income, notes, cash flow statement and statement of changes in equity, together with the Group management report, which was combined with the management report, for the financial year from 1 December 2014 to 30 November 2015. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315 (1) HGB (Handelsgesetzbuch: German Commercial Code) are the responsibility of the Company's Executive Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB (Handelsgesetzbuch „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the parent company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Wilex AG, Munich, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in sections "7 Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made prove to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardised.

Mannheim, 15 March 2016

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Buhleier
Wirtschaftsprüfer (German Public Auditor)

Schmidt
Wirtschaftsprüfer (German Public Auditor)

EXCERPT FROM THE ANNUAL REPORT 2015 TO WHICH THE AUDITOR'S OPINION IS REFERRING TO

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 57 of the Company's annual report 2015):

"Going-concern risks

As of the 30 November 2015 reporting date, WILEX's cash and cash equivalents were not sufficient to cover financing requirements for the next twelve months.

WILEX therefore announced a financing strategy and took the initial steps in November 2015. This is largely based on a financing commitment from the Company's main shareholder dievini for up to € 10 million. The commitment is intended to secure the capital increases planned for 2016, among others, and to ensure the Company's financing based on the current planned budget. Cash and cash equivalents totalling € 2.5 million already accrued to WILEX AG from the two capital increases in December 2015. In this context, € 2.4 million from the financing commitment made by dievini was utilised. For more information please see the report on post-balance sheet date events.

By the Executive Management Board's estimate, the cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first six months of 2016 are expected to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 German Commercial Code.

If the Executive Management Board were unable to implement the corporate strategy focusing on the ADC technology according to plan, and/or if the Company failed to have any opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable to satisfy their payment obligations and/or become overindebted prior to the end of the second quarter of the 2017 financial year as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital"

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 59 of the Company's annual report 2015):

"Financing risks

WILEX's funding requirements have been reduced further as a consequence of the restructuring programme and discontinuation of advanced development activities at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or licence payments that would have substantially extended the cash reach and eliminated the risk of the Company's inability to continue as a going concern. The Company's aim to build its own ATAC pipeline will result in a renewed rise in research and development expenses in the future. In November 2015, a comprehensive financing package was presented and kicked off. The financing commitment made by main shareholder dievini in November 2015 for up to € 10 million will secure the Company's financing

into the second quarter of 2017 based on current planning. An amount of € 2.39 million of this commitment was already utilised in the initial capital increases in December 2015.

There is a high risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flows will not be sufficient to ensure financing of the planned business activities. Without additional financing, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised after that.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ADC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ADC technology and the service business and find additional cooperation partners is a key pillar of the business model. This is because the success of such partnerships depends not only on upfront payments and milestone payments by licensing and cooperation partners, but also on the ability of these partners to achieve successes in clinical development and also to generate the projected sales revenue and any resulting licence fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. It cannot be ruled out that the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases – to avoid insolvency because its business has been generating deficits so far. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, in spite of the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent a positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also the section 7.9.3 entitled "Other risks" for more information about the risk of dependence on main shareholders"

The risks related to a possible significant influence of main shareholders referred to in the section "Financing risks" above reads as follows (page 63 of the Company's annual report 2015):

"Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (DH-Holding GmbH & Co. KG and affiliated companies as well as UCB) hold a material proportion of its shares (approx. 52% and 12%, respectively) and could exercise a significant influence on the Company in the Annual General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of DH-Holding GmbH & Co. KG could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in financing of the Company. The minimal number of shares in free float lowers the liquidity of WILEX shares."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2015 reads as follows (page 64 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC development candidates and the clinical projects of WILEX AG be out-licensed, the risks discernible from a present-day perspective and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardising the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern".

THE COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU ("IFRS") AS OF AND FOR THE FISCAL YEAR ENDED 30 NOVEMBER 2014 AND AUDIT OPINION

Consolidated statement of comprehensive income (IFRS)

for the financial year from 1 December 2013 to 30 November 2014

	Note	2014 €	2013 €
Sales revenue	22	3,596,634	13,316,509
Other income	23	1,413,104	5,789,505
Income		**5,009,738**	**19,106,014**
Cost of sales	24	(1,354,564)	(3,678,100)
Research and development costs	24	(5,571,952)	(12,427,010)
Administrative costs	24	(3,176,893)	(4,243,980)
Other expenses	24	(482,765)	(3,720,479)
Operating expenses		**(10,586,174)**	**(24,069,569)**
Operating result		**(5,576,436)**	**(4,963,555)**
Finance income	27	86,851	83,592
Finance costs	27	(118,073)	(160,236)
Financial result	27	**(31,222)**	**(76,644)**
Earnings before tax		**(5,607,658)**	**(5,040,199)**
Income tax	28	(93,191)	(121)
Net loss for the year		**(5,700,849)**	**(5,040,320)**
Net currency gain/loss from consolidation		0	0
Comprehensive income		**(5,700,849)**	**(5,040,320)**
Earnings per share	29		
Basic and diluted earnings per share		(0.73)	(0.64)[1]
Average number of shares issued		7,818,876	7,818,877[1]

[1] Earnings per share in prior periods (2013: -0.16 €) were adjusted to the current number of shares with the ratio 4.1 in accordance with IAS 33.64. For more information: note 29 in the consolidated notes.

Rounding of exact figures may result in differences in all tables of this report.

Consolidated balance sheet (IFRS)

for the financial year as of 30 November 2014

Assets	Note	30.11.2014 €	30.11.2013 €
Property, plant and equipment	9	1,052,891	1,324,275
Intangible assets	10	2,948,199	3,071,272
Goodwill	10	6,111,166	6,111,166
Financial assets	11	1,777,083	2,068,877
Other non-current assets	12	230,277	229,437
Non-current assets		**12,119,616**	**12,805,027**
Inventories	13	189,710	77,832
Prepayments	14	74,334	106,323
Trade receivables	15	177,359	240,214
Other receivables	15	272,033	162,113
Cash and cash equivalents	16	2,196,808	8,920,064
Current assets		**2,910,244**	**9,506,545**
Total assets		**15,029,860**	**22,311,572**

Equity and liabilities	Note	30.11.2014 €	30.11.2013 €
Subscribed capital	17	7,818,876	31,275,507
Capital reserve	17	185,364,837	159,281,268
Accumulated losses	17	(181,307,673)	(175,606,823)
Equity	17	**11,876,040**	**14,949,952**
Lease liabilities	19	0	25,203
Other non-current liabilities	19	3,048	51,479
Non-current liabilities		**3,048**	**76,682**
Trade payables	20	276,618	190,736
Lease liabilities	20	77,482	90,723
Financial liabilities	20	0	2,637,500
Provisions	20	730,509	1,590,816
Other current liabilities	20	2,066,162	2,775,163
Current liabilities		**3,150,771**	**7,284,938**
Total equity and liabilities		**15,029,860**	**22,311,572**

Rounding of exact figures may result in differences in all tables of this report.

Consolidated statement of changes in equity (IFRS)

for the financial year from 1 December 2013 to 30 November 2014

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Currency translation differences €	Accumulated losses €	Total €
				Capital reserve €				
				155,892,571	3,319,240			
As of 01 December 2012		**31,275,507**	**31,275,507**	**159,211,811**		**(47,637)**	**(170,518,867)**	**19,920,815**
Stock options	25				69,457			69,457
Net currency gain/loss from consolidation								0
Net loss for the year						47,637	(5,087,957)	(5,040,320)
Net change in equity								**(4,970,863)**
				155,892,571	**3,388,697**			
As of 30 November 2013	17	**31,275,507**	**31,275,507**	**159,281,268**		**0**	**(175,606,823)**	**14,949,952**

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Currency translation differences €	Accumulated losses €	Total €
				Capital reserve €				
				155,892,571	3,388,697			
As of 01 December 2013		**31,275,507**	**31,275,507**	**159,281,268**		**0**	**(175,606,823)**	**14,949,952**
Stock options	25				26,938			26,938
Net loss for the year							(5,700,849)	(5,700,849)
Effect from capital reduction		(23,456,631)	(23,456,631)	23,456,631				0
Waiver of shareholder loan				2.600.000				2.600.000
Net change in equity								**(3,073,911)**
				181,949,202	3,415,635			
As of 30 November 2014	17	**7,818,876**	**7,818,876**	**185,364,837**		**0**	**(181,307,673)**	**11,876,040**

Rounding of exact figures may result in differences in all tables of this report.

Consolidated cash flow statement (IFRS)

for the financial year from 1 December 2013 to 30 November 2014

	Note	2014 €	2013 €
Net loss for the year		**(5,700,849)**	**(5,040,320)**
Adjustment for items in the statement of comprehensive income			
Stock options	25	26,938	69,457
Depreciation, amortisation and impairment losses	24	489,153	1,715,904
Measurement item not relevant for cash flow	21	583,611	0
Finance costs	27	118,073	160,236
Finance income	27	(86,851)	(83,543)
Tax expense	28	93,191	0
		1,224,116	**1,862,053**
Changes in balance sheet items			
Inventories	13	(111,878)	32,997
Trade receivables	15	61,806	19,862
Other receivables	15	(1,099,275)	(21,138)
Prepayments	14	31,989	619,298
Financial assets	11	(291,793)	0
Other non-current assets	12	302,697	(2,064,270)
Trade payables	20	94,344	(725,238)
Financial liabilities	20	(37,500)	0
Provisions	20	(860,307)	0
Other liabilities	20	(121,891)	(9,041,815)
		(2,031,808)	**(11,180,304)**
Cash flow from operating activities		**(6,508,542)**	**(14,358,571)**
Finance costs paid	27	(154,942)	(166,841)
Finance income received	27	43,359	73,047
Net cash flow from operating activities		**(6,620,125)**	**(14,452,365)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(195,797)	(143,972)
Purchase of intangible assets	10	0	(28,198)
Net cash flow from investing activities		**(195,797)**	**(172,170)**
Cash flow from financing activities			
Repayment of finance leases	30	(38,444)	(224,320)
Net cash flow from financing activities		**(38,444)**	**(224,320)**
Influence of foreign exchange effects on cash and cash equivalents		131,111	405,584
Net change in cash and cash equivalents		**(6,723,256)**	**(14,443,271)**
Cash and cash equivalents			
at beginning of period		8,920,064	23,363,335
at end of period	16	2,196,808	8,920,064

Rounding of exact figures may result in differences in all tables of this report.

Consolidated notes according to IFRSs of the WILEX Group, Munich

for the financial year from 1 December 2013 to 30 November 2014

1 Business and the company

WILEX was established in 1997 in Munich, Germany, as WILEX Biotechnology GmbH by a team of physicians and oncologists at the Technical University of Munich.

In accordance with the shareholders' resolution of 14 December 2000, amended on 28 February 2001, the company changed its legal form to become a stock corporation called WILEX AG. The change of name was entered into the commercial register at the district court in Munich on 9 April 2001, under registration number HRB 136670. The Company's registered office is Grillparzerstrasse 10, 81675 Munich, Germany. Since 13 November 2006, the shares of WILEX AG have been listed in the Regulated Market/Prime Standard of the Frankfurt/Main stock exchange using the symbol WL6 (securities identification number A11QVV / ISIN DE000A11QVV0.

"WILEX" will be used as a synonym for the Group hereinafter. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or the subsidiary Heidelberg Pharma GmbH, Ladenburg, Germany are reported.

WILEX is a biopharmaceutical company which had a portfolio of antibody-based diagnostic and therapeutic products for the detection and targeted treatment of various types of cancer. Due to the failure of the Phase III product candidate RENCAREX®, an extensive restructuring programme was initiated at the end of January 2014, which was systematically implemented in the financial year ended and has been completed in the meantime. All of the clinical development activities of WILEX AG in Munich were discontinued, and the workforce at its Munich site was reduced by more than 80%.

The remaining staff based in Munich assume holding company tasks, continue to work on the commercial exploitation of the advanced clinical programmes of WILEX AG and negotiate the marketing of the RENCAREX® and REDECTANE® projects. In so doing, they are responsible for the review and fulfilment of all contractual obligations under existing agreements as well as the safeguarding of the intellectual property rights and patents, as well as ensuring the provision of information for regulatory authorities and partners and complying with the transparency requirements of Deutsche Börse AG.

Activities now focus on the operations of its subsidiary Heidelberg Pharma GmbH in Ladenburg, which primarily advances the development of the innovative platform technology for antibody drug conjugates (ADC technology) and offers preclinical services.

1.1 Consolidated company

Heidelberg Pharma GmbH

On 3 November 2010, WILEX AG had signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG (hereinafter also "Heidelberg Pharma") regarding the acquisition of all shares in Heidelberg Pharma in return for WILEX shares. Following the Extraordinary General Meeting's approval on 15 December 2010 and the recording of the capital increase in the Commercial Register on 17 March 2011, WILEX acquired all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for 3,200,000 new WILEX shares subject to the exclusion of shareholders' subscription rights.

Upon recording in the Commercial Register on 17 March 2011 (“acquisition date”), Heidelberg Pharma AG became a wholly-owned subsidiary of WILEX AG and thus an integral part of the WILEX Group. Heidelberg Pharma completed the change in its legal structure from an AG (German stock corporation) to a GmbH (German limited liability company) as of 1 December 2011.

2 Application of new and revised standards

2.1 New and revised standards and interpretations

First-time application of the following standards and interpretations was mandatory in the past financial year beginning on 1 December 2013: All of the amendments listed had either no or just minor effects on the financial year just ended or the previous financial year.

New standard IFRS 13: Fair Value Measurement

IFRS 13 was introduced to replace the existing guidelines on fair value measurement in individual current IFRS pronouncements with a single standard. It defines fair value, sets out guidelines for measuring fair value and requires disclosures about fair value measurement.

Amendment to IAS 19 (2011): Employee Benefits

Key change from the previous version of IAS 19: Introduction of a requirement to recognise changes in the net defined benefit liability/asset, including immediate recognition of defined benefit costs, disaggregation of defined benefit cost into components and recognition of remeasurements in other comprehensive income and in the event of a plan amendment, curtailment or settlement.

New interpretation IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

The following issues are addressed by the interpretation: when stripping costs in mining must be recognised as an asset, the manner of initial recognition of the asset from the stripping activity, subsequent recognition of the asset deriving from the stripping activity.

Amendment to IFRS 1: First-time Adoption of International Financial Reporting Standards

The amendments to IFRS 1 relate to government loans with a below-market rate of interest. Initial adopters are not required to apply IFRSs fully retrospectively when accounting for such loans.

Annual Improvements 2009-2011

Amendments and clarifications to various IFRSs.

Amendment to IFRS 7: Financial Instruments – Disclosures

The amendments to the disclosure requirements in IFRS 7 require disclosures concerning all recognised financial instruments offset in accordance with IAS 32. In addition, disclosures are required for all recognised financial instruments if they are subject to an enforceable master netting arrangement or similar agreement, regardless of whether they are set off in accordance with IAS 32.

2.2 New and revised standards and interpretations whose application in the consolidated financial statements was voluntary or who were not yet applicable

Application of the following interpretations and standards was voluntary or not yet required as of 1 December 2013. These interpretations and standards were not yet applied by WILEX in the past financial year.

2.2.1 New and revised standards and interpretations adopted by the EU

Amendment to IAS 32: Financial Instruments – Presentation (date of initial application: 1 January 2014)

The amendments to IAS 32 simply clarify the offsetting criteria in place to date.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosures of Interests in Other Entities, IAS 27: Separate Financial Statements (date of initial application: 1 January 2014)

The amendment grants an exemption from consolidation of subsidiaries if the parent entity meets the definition of an "investment entity" (e.g. certain investment funds). Certain subsidiaries are then measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Amendment to IAS 27: Separate Financial Statements (2011) (date of initial application in the EU: 1 January 2014)

The requirements for separate financial statements remain part of the amended IAS 27 as before. The other parts of IAS 27 are replaced by IFRS 10.

Amendment to IAS 28: Investments in Associates and Joint Ventures (2011) (date of initial application in the EU: 1 January 2014)

The amended IAS 28 standard contains consequential amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

Amendment to IAS 36: Impairment of Assets (date of initial application: 1 January 2014)

The amendments relate to the disclosure of information regarding calculation of the recoverable amount of impaired assets, if this amount is based on the fair value less costs of disposal.

Approval of IFRS 13 (Fair Value Measurement) in May 2011 also led to consequential amendment of IAS 36 (Impairment of Assets). Disclosure of the recoverable amount of the cash-generating unit was required regardless of whether an impairment loss relating to the relevant unit was recognised in the current reporting period or not. To correct this unintentionally excessively broad disclosure requirement, the IASB issued "Recoverable Amount Disclosures for Non-Financial Assets" as an amendment to IAS 36 in May 2013. The disclosure of the recoverable amount is now required only for cash-generating units for which impairment was recognised in the current reporting period. Additional disclosures are also required if the recoverable amount corresponds to the net selling price when existing impairment of an asset or a cash-generating unit is recorded or reversed. The amendments must be applied for annual periods beginning on or after 1 January 2014. If IFRS 13 is already being applied, early application is permitted. The Wilex Group applied this standard before the required date.

Amendment to IAS 39: Financial Instruments: Recognition and Measurement (date of initial application: 1 January 2014)

Despite the amendment, derivatives which are novated continue to be designated as hedging instruments in a continuing hedging relationship. The requirement for this treatment is that the novation to a central counterparty (CCP) be a consequence of laws or regulations.

New standard IFRS 10: Consolidated Financial Statements (date of initial application in the EU: 1 January 2014)

The standard replaces the consolidation guidelines in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on the concept of control regardless of the type of investee (i.e. regardless of whether the entity is controlled by investor voting rights or by some other contractual agreement as is customary in the case of special purpose vehicles).

New standard IFRS 11: Joint Arrangements (date of initial application in the EU: 1 January 2014)

This standard outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).

New standard IFRS 12: Disclosure of Interests in Other Entities (date of initial application: 1 January 2014)

IFRS 12 requires improved disclosures both regarding consolidated and unconsolidated entities in which an entity holds an interest.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities

The amendments clarify the transitional rules in IFRS 10 and provide for additional relief in all three standards. In particular, this includes limiting the requirement to provide adjusted comparative information to the comparative period immediately preceding initial application (date of initial application: 1 January 2014).

New interpretation IFRIC 21: Levies (date of initial application in the EU: 17 June 2014)

The interpretation offers guidance on when to recognise a liability for a levy imposed by a government.

Amendments to IAS 19: Employee Benefits (date of initial application in the EU: 1 February 2015)

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed as well as permits relief if the amount of the contributions is independent of the number of years of service.

Annual Improvements 2010 - 2012; 2011 – 2013 (date of initial application: 1 January 2015)

Amendments and clarifications to various IFRSs.

2.2.2 New and revised standards and interpretations that have been approved by the IASB, but have not yet been adopted by the EU

New standard IFRS 14: Regulatory Deferral Accounts (date of initial application: 1 January 2016)

Only entities that are first-time adopters of IFRS and that recognise regulatory deferral account balances in accordance with their previous accounting rules are permitted to continue to do so after transitioning to IFRS. This standard is intended to be a short-term, interim solution until the IASB completes its longer-term, comprehensive project on rate-regulated activities.

Amendments to IFRS 11: Joint Arrangements (date of initial application: 1 January 2016)

An acquirer of interests in joint operations constituting a business as defined in IFRS 3 must apply all of the principles for accounting for business combinations in IFRS 3 and other IFRSs as long as these do not contradict the guidance in IFRS 11.

IAS 16: Property, Plant and Equipment / IAS 38: Intangible Assets (date of initial application: 1 January 2016)

These amendments provide guidelines indicating the possible methods of depreciation of property, plant, and equipment and amortisation of intangible assets, particularly with regard to revenue-based methods.

Amendments to IAS 16: Property, Plant and Equipment / IAS 41: Agriculture (date of initial application: 1 January 2016)

With these amendments, bearer plants that no longer undergo significant biological transformation are brought within the purview of IAS 16 so that they can be accounted for in the same way as property, plant, and equipment.

Amendments to IAS 27: Separate Financial Statements (date of initial application: 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Amendments to IFRS 10: Consolidated Financial Statements / IAS 28: Investments in Associates and Joint Ventures (date of initial application: 1 January 2016)

The amendments clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Annual Improvements 2012 - 2014 (date of initial application: 1 January 2016)

Amendments and clarifications to various IFRSs.

Amendments to IAS 1: Presentation of Financial Statements (date of initial application: 1 January 2016)

The amendments aim to remove impediments to preparers in exercising their judgement in presenting financial statements.

Amendments to IFRS 10: Consolidated Financial Statements / IFRS 12: Disclosures of Interests in Other Entities / IAS 28: Investments in Associates and Joint Ventures: Investment Entities — Applying the Consolidation Exception (date of initial application: 1 January 2016)

The amendments address circumstances that have arisen in connection with application of the consolidation exception for investment entities.

New standard IFRS 15: Revenue from Contracts with Customers (date of initial application: 1 January 2017)

This standard governs the time when and amount in which revenue must be recognised. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. IFRS 15 is mandatory for all IFRS adopters and applies to nearly all contracts with customers — the major exceptions are leases, financial instruments and insurance contracts.

New standard IFRS 9: Financial Instruments (date of initial application: 1 January 2018)

This standard provides comprehensive guidance on accounting for financial instruments. The new and revised classification rules for financial assets in the latest version of IFRS 9 constitute the primary changes from the predecessor standard IAS 39. These are based on the type of business model and contractual cash flows associated with the financial assets. Also completely new are the rules regarding the recognition of credit losses, which are now based on an expected loss model. Accounting for hedges was also reformed in IFRS 9 and aims to more accurately reflect risk management activity.

3 Key accounting policies

The significant accounting policies applied are explained below.

3.1 Statement of conformity

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). Moreover, the supplementary provisions of Section 315a German Commercial Code (HGB) were applied.

3.2 Basis for preparation of the consolidated financial statements

As of the 30 November 2014 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the end of the second quarter of 2015. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

Thanks to the commitment given during the time the financial statements were being prepared by Walldorf-based main shareholder dievini Hopp BioTech holding GmbH & Co. KG ("dievini") to provide the Company with cash and cash equivalents of up to € 5 million as equity or in quasi-equity form (see note 34.3), the way was prepared for extending the Company's cash reach until at least the end of the second quarter of 2016, so that at the time the financial statements were being prepared it could be assumed that the Company would continue as a going concern for at least the next twelve months.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way was it possible to prepare the consolidated financial statements on a going-concern basis in accordance with IAS 1.25.

In accordance with Section 325 (3) German Commercial Code, WILEX publishes these IFRS consolidated financial statements in the Federal Gazette (Bundesanzeiger). These consolidated financial statements exempt the Company from preparing consolidated financial statements in accordance with the German Commercial Code.

These consolidated financial statements were prepared by the Executive Management Board on 19 March 2015 and released for publication in accordance with IAS 10. The consolidated financial statements are to be approved by the Supervisory Board on 24 March 2015. The Supervisory Board can decline to approve the consolidated financial statements and Group management report released by the Executive Management Board, in which case the consolidated financial statements would have to be approved in the Annual General Meeting.

The reporting period begins on 1 December 2013 and ends on 30 November 2014. It is referred to hereafter as the "2014 financial year" ("2013 financial year" for the previous period). As a consequence of the restructuring programme, WILEX AG deviates from the measurements and the accounting policies applied up to now in individual balance sheet items for the financial year ended 30 November 2013.

Due to commercial rounding up or down of exact figures, it is possible that individual figures in these consolidated financial statements may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company WILEX AG and its controlled subsidiary Heidelberg Pharma GmbH. An entity is "controlled" when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances and profits and losses are eliminated in full during consolidation. Figures cannot be compared directly with those of the previous year due to the change in the Group structure because WILEX Inc. was sold to Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea) on 6 September 2013. Until that date, Wilex Inc. was a wholly-owned subsidiary of WILEX and has not been a part of the WILEX Group since. In accordance with IAS 27, it was no longer included in the consolidated financial statements as of the previous year's reporting date. However, its contributions to earnings accumulated until the date of the sale were still included in the previous year's figure.

The annual financial statements of the subsidiary are adjusted, if necessary, to bring their accounting policies in line with those used by the Group.

3.4 Foreign currencies

The consolidated financial statements are prepared in euros (€), the Group's functional currency. After the sale of WILEX Inc., the Group does not include any entities outside the euro zone.

In the previous reporting period, the Group had one subsidiary domiciled outside of the euro zone until its sale on 6 September 2013. The functional currency of WILEX Inc. was the US dollar (USD) because the company was an independent foreign economic entity until its sale. Reflecting deconsolidation, the financial statements of WILEX Inc. as of the disposal date are translated into euros for the purposes preparing the consolidated financial statements. They are translated based on the functional currency approach of IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the modified closing rate method.

With regard to the foreign currency financial statements, assets and liabilities were therefore translated using the closing rate prevailing on the disposal date, equity is translated at the historical rate and both expenses and income are translated at the average exchange rate in the period during which the entity was part of the Group, except where substantial fluctuations in exchange rates have occurred. Exchange rate differences arising from consolidation were recognised in other comprehensive income as currency gains or losses. These foreign exchange differences were recognised in the income statement upon disposal of the subsidiary.

Transactions settled in currencies other than the respective local currency are recognised in the separate financial statements at the foreign exchange rate on the transaction date. Monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) and non-monetary items in foreign currencies measured at historical cost are translated at the reporting date exchange rate. Non-monetary assets and liabilities in foreign currencies that are recognised at fair value are translated at the foreign exchange rates in effect on the date the fair value is determined. Gains and losses from foreign currency translation are recognised in the income statement.

WILEX carries out transactions in US dollars and, to a smaller extent, in Swiss francs (CHF), British pounds (GBP) and other foreign currencies.

The translation of US dollar amounts within the Group was based on the following euro exchange rates: For reasons of materiality, no exchange rates of other currencies are shown.

- Closing rate 30 November 2014: € 1 = USD 1.2447 (2013: € 1 = USD 1.3589)
- Average exchange rate FY 2014: € 1 = USD 1.3408 (2013: € 1 = USD 1.3230)

Differences may result from commercial rounding of exact figures.

3.5 Property, plant and equipment

WILEX does not own plots of land or buildings. All office and laboratory premises used at present are rented. Property, plant and equipment consists mainly of laboratory and office equipment and is recognised at historical cost less accumulated depreciation and impairment losses.

The cost less net carrying amount is depreciated on a straight-line basis over the useful life of the asset. The expected useful lives, net carrying amounts and depreciation methods are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Depreciation of property, plant and equipment is based on the following useful lives:

- Laboratory equipment 8 to 14 years
- Other office equipment 3 to 23 years
- Leased property, plant and equipment 10 years

Expenses for the repair and maintenance and for the replacement of subordinate items are recognised in income at the time they arise. Extensive replacements and new fixtures and fittings are capitalised where they create a future economic benefit. Replacements are depreciated over their expected useful life. In the event of disposal, the cost and associated accumulated depreciation and impairment losses are derecognised. Any gains or losses resulting from such disposal are recognised in profit or loss in the financial year.

Impairment losses are recognised if the recoverable amount of property, plant and equipment is lower than the net carrying amount. As a consequence of the restructuring activities and the phased-out of clinical development activities at the Munich site, impairment losses were charged on laboratory and other office equipment of WILEX AG in order to measure it at its fair value less costs to sell as the recoverable amount.

WILEX has not pledged any property, plant or equipment as collateral for contingent liabilities.

See note 3.20 for information on the accounting treatment of finance leases recognised in property, plant and equipment.

3.6 Intangible assets

3.6.1 Separately acquired intangible assets

Intangible assets not acquired in a business combination with a determinable useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is on a straight-line basis over the expected useful life of the asset and is recognised as an expense. The expected useful life and the amortisation method are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Separately acquired intangible assets with an indefinite useful life are carried at cost less accumulated impairment losses.

The following useful lives are assumed for intangible assets, which comprise capitalised licenses, patents and software as well as goodwill arising in the context of the takeover of HDP, intangible assets not yet ready for use (IP R&D) and the acquired customer base:

- Licences und patents 12.5 to 20 years
- Software 3 years
- Acquired customer base 9 years

The intangible assets not yet ready for use (IP R&D) are not yet being amortised. The development of the ADC technology and other IP components is ongoing, and no antibody-specific product licence agreement (PLA) that would specify the current use and marketability of this technology asset in the form of a therapeutic development candidate has been signed to date. Hence this asset has not yet been classified as ready for use in accordance with IFRSs. Amortisation of this asset will begin once the development work has been completed.

Goodwill is also not amortised. Instead, it is tested for impairment annually (compare notes 3.8 and 8).

3.6.2 Intangible assets acquired from a business combination

Intangible assets acquired from a business combination are recognised separately from goodwill and measured at fair value, i.e., cost, as of the date of acquisition.

In subsequent periods, intangible assets with a definite useful life that were acquired in a business combination are measured in the same way as separately acquired intangible assets: at cost less accumulated amortisation and any accumulated impairment losses.

3.6.3 Research and development costs

Costs for research activities are recognised as expenses in the periods in which they are incurred.

Internally generated intangible assets resulting from development activities are recognised if and only if the following has been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group's intention to complete production of the intangible asset and use or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output from the use of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Since these requirements have not been met, no intangible assets could be recognised in the development phase.

At present, all research and development costs are therefore recognised in the income statement for the financial year in which they arise.

3.7 Impairment of property, plant and equipment and intangible assets with the exception of goodwill

The Company reviews the carrying amounts of property, plant and equipment and intangible assets at every reporting date to determine whether there is reason to believe that these assets are impaired. If there is indication of impairment, the recoverable amount of the asset is estimated to determine the scope of a possible impairment loss. If the recoverable amount of the individual asset cannot be estimated, then the recoverable amount of the cash generating unit to which the asset belongs is estimated.

In the case of intangible assets with an indefinite useful life and those not yet available for use, an impairment test is performed at least once a year and in all cases where there is indication of impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows are discounted using a pre-tax rate when determining the value in use. On the one hand, this pre-tax rate takes into account the current market estimate of the present value of the funds. On the other hand, it reflects the risks inherent in the asset to the extent that these have not already been incorporated into the cash flow estimate.

If the estimated recoverable amount of an asset or a cash generating unit falls below the carrying amount, then the relevant carrying amount is decreased to the recoverable amount. The impairment is recognised immediately in profit or loss.

If there is a subsequent reversal of the impairment loss, the carrying amount of the asset or the cash generating unit is increased to the new estimate of the recoverable amount. The increase in carrying amount is limited to the amount that would have resulted if no impairment losses had been recognised in previous years. An impairment reversal is recognised immediately in profit or loss.

3.8 Goodwill

The goodwill resulting from a business combination is recognised at cost less impairment losses, as required, and is reported separately in the consolidated balance sheet.

For purposes of impairment testing, the goodwill must be distributed among each of the Group's cash generating units expected to derive benefit from the synergies generated by the business combination.

Cash generating units to which the goodwill is allocated must be tested for impairment at least annually. As soon as there is some indication of impairment, the cash generating unit must be tested immediately.

If the recoverable amount of a cash generating unit is less than the carrying amount of the unit, then the impairment loss must be initially allocated to the carrying amount of the allocated goodwill and subsequently pro rata to the other assets based on the carrying amounts of each asset within the cash generating unit. Any impairment loss on goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised on goodwill may not be reversed in future periods.

3.9 Other non-current assets

When leases for buildings and laboratory equipment are signed, rent security or security for leased equipment must be paid to the landlord or lessor. Depending on the duration of the lease, this item is allocated to non-current or current assets as of the reporting date.

3.10 Inventories

Inventories comprise raw materials, consumables and supplies, (contract) work in progress and finished products.

Inventories are measured at the lower of cost and net realisable value based on the FIFO method. The cost of sales for internally generated inventories contain all directly attributable costs as well as a reasonable percentage of the general overhead costs.

3.11 Trade receivables

Trade receivables belong to the category of loans and receivables (see note 3.14), which are measured at amortised cost. This means that they are recognised at the initial invoice amount net of any adjustments for doubtful accounts. Such adjustments are based on an assessment by management of the recoverability and aging structure of specific receivables.

3.12 Prepayments made

The other assets and prepayments, e.g. to service providers or insurers, are either recognised in income in accordance with progress on the relevant order or offset against the final supplier invoice.

3.13 Other receivables

Receivables are initially recognised at fair value and subsequently at amortised cost, less any impairment losses. An impairment of other receivables is recognised if there is an objective and substantial indication that not all of the amounts due according to the original contractual terms and conditions are recoverable or discounting that is adequate for the maturity and risk-adjusted seems reasonable. The impairment is recognised in profit or loss.

3.14 Financial instruments

Financial instruments in accordance with IAS 39 are classified according to type:

- Financial assets or financial liabilities at fair value through profit or loss. This category comprises two sub-categories:
    - Financial assets or liabilities held for trading (AFVPL-Tr.): This category comprises the financial assets and liabilities held for trading such as for instance interest-bearing securities, shares and borrower's note loans. In particular, the liabilities held for trading include derivative financial instruments with a negative fair value. Financial assets and liabilities held for trading are recognised at the fair value at every balance sheet date. The remeasurement gains or losses are recognised the net profit/loss for the period. No such assets or liabilities were recognised in the period under review.
    - Financial instruments designated at fair value through profit or loss (AFVPL-Des.): Under the fair value option, financial instruments may be subjected to a voluntary fair value, including recognition of remeasurement gains or losses in the net profit/loss for the period. The irrevocable decision to use the fair value option must be made on initial recognition of the financial instrument. The fair value option may be applied to a financial instrument for example if it eliminates or significantly reduces a measurement or recognition inconsistency. No such assets or liabilities were recognised in the period under review.
- Available-for-sale financial assets: Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss are allocated to this category. In particular, this concerns interest-bearing securities, shares and equity interests. They are measured at the fair value. Equity instruments shall be measured at amortised cost if their fair value cannot be reliably determined. No such assets or liabilities were recognised in the period under review.
- Financial assets held to maturity: Non-derivative financial assets with fixed or determinable payments and fixed maturity may be allocated to this category if an entity has the positive intention and ability to hold them to maturity. They are measured at amortised cost. The following are excluded from classification as held-to-maturity investments: (a) financial assets that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity designates as available for sale; and (c) those that meet the definition of loans and receivables.

WILEX currently does not recognise any of the financial instruments listed above.

- Loans and receivables: Non-derivative financial instruments with fixed or determinable payments for which there is no active market are allocated to this category. They are measured at amortised cost. Any impairment is recognised in profit or loss at the time the amortised cost is determined. A financial asset is impaired if there are objective

indications of impairment which, in turn, arise from events that may have occurred after the initial measurement and have a negative effect on the value that was recognised on addition. Depending on the type and nature of the respective financial asset, the insolvency of a debtor for instance or even a reduction in the performance and fair value of an investment or other financial assets may constitute indications of and events leading to impairment. Premiums or discounts are recognised in net financial result over the relevant term. They are also measured at amortised cost.

Financial liabilities are initially measured at fair value. After initial recognition, all financial liabilities shall be measured at amortised cost using the effective interest method, except for:

(a) Financial liabilities at fair value through profit or loss.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) The financial guarantee contracts as defined in IAS 39.9.

(d) Commitments to provide a loan at a below-market interest rate.

All financial liabilities of WILEX shall subsequently be measured at amortised cost using the effective interest method.

These financial assets and financial liabilities are classified on initial recognition. WILEX reviews the carrying amounts of these financial assets at regular intervals or at least at every reporting date as to whether there is an active market for the respective assets and whether there are indications of impairment (for example, because the debtor is having substantial financial difficulties).

The net profit always contains all other expenses and income associated with the financial instruments in the given measurement category. Besides interest income and dividends, in particular this includes the results of both the initial and the subsequent measurement.

In addition, financial instruments are divided into current or non-current assets or liabilities as of the balance sheet date depending on their remaining life. Financial instruments with a remaining life of more than one year at the reporting date are recognised as non-current financial instruments while those with a remaining life of up to one year are recognised as current assets or liabilities.

A class of financial instruments encompasses financial instruments that are grouped in accordance with the disclosures required under IFRS 7 and the features of the financial instruments an entity uses.

The trade and settlement dates generally do not coincide in regular cash purchases or sales of financial assets. There is the option to use either trade date accounting or settlement date accounting in connection with such regular cash purchases or sales. The WILEX Group uses trade day accounting in connection with regular cash purchases and sales of financial assets at the time of both initial measurement and disposal.

WILEX does not utilise hedge accounting for hedging currency risks. Potential currency risks concern the US dollar in particular. Insignificant amounts of cash and cash equivalents are held in US dollars to minimise risk.

3.15 Capital management

3.15.1 Composition of equity

The Group's equity consists of the subscribed capital, which is denominated in common bearer shares with a pro-rata interest in the company's share capital of € 1.00 each. Additional costs directly attributable to the issue of new shares and a capital measure are recognised under equity as a deduction from equity (e.g. from capital reserves).

The capital reduction carried out in the financial year ended reduced the share capital from € 31.3 million by € 23.5 million to € 7.8 million and correspondingly increased capital reserves from € 159.3 million by € 23.5 million to € 182.8 million. The waiver of the loan by the shareholder UCB added another € 2.6 million to capital reserves, bringing their total to € 185.4 million.

The Company's capital comprises its equity including subscribed capital, capital reserves and accumulated deficits.

3.15.2 Capital management

The capital management programme of WILEX serves to create a solid capital base and to safeguard it in a sustainable manner so as to be able to continue to operate under the going-concern premise. Given the losses the company has incurred since its founding, it focuses mainly on using cash to fund the ongoing development of its technology and product pipeline and, not least, to maintain the confidence and trust of investors and business partners alike in the company. However, in the financial year ended neither a capital increase was carried out nor was capital borrowed from banks.

Management regularly monitors the liquidity and equity ratios and the sum of the items recognised in equity. There were no changes during the reporting year in the company's strategy or objectives as they relate to its capital management programme.

In € '000	**30/11/2014**	**30/11/2013**
Liquidity	2,197	8,920
In % of total capital	14.6%	40.0%
In % of current liabilities (cash ratio)	69.7%	122.4%
Equity	11,876	14,950
In % of total capital	79.0%	67.0%
Liabilities	3,154	7,362
In % of total capital	21.0%	33.0%
Total capital	**15,030**	**22,312**

The liquidity ratios (ratio of available cash and cash equivalents to either total capital or current liabilities) declined uniformly as against the prior-year comparable figures due to the outflow of cash from operating activities. The ratio of liquidity to total capital dropped from 40.0% to 14.6%. Analogously, the cash ratio, defined as cash and cash equivalents divided by current liabilities, fell from 122.4% to 69.7%. The equity ratio was 79.0% as at 30 November 2014. Despite the comprehensive loss in the past financial year, this figure was higher than in the previous year (67.0%) due to the sharp drop in liabilities (see note 20).

Preventing the share capital from being reduced by more than half by losses in the separate financial statements prepared under German commercial law is a quantitative control variable of equity management.

3.16 Liabilities and provisions

Liabilities are recognised if a legal or constructive obligation exists towards third parties. With the exception of financial liabilities, liabilities are carried at their settlement amount. In contrast, financial liabilities are initially measured at their fair value. They are subsequently measured at amortised cost. All liabilities that fall due within at least one year are recognised as non-current liabilities; they are discounted to their present value.

Provisions are recognised if the Group has a present obligation from a past event, it is probable that the Group will have to meet this obligation and its amount can be estimated reliably. The provision amount recognised is the best estimated amount as of the reporting date for the expenditure required to fulfil the present obligation, taking into account the risks and uncertainties inherent in the obligation. If it is expected that the amount required to settle the provision will be reimbursed by a third party in whole or in part, this claim is recognised accordingly under other receivables.

As a result of the discontinuation of research and development activities at WILEX AG, provisions, which by definition are uncertain in terms of amount and maturity, still comprise provisions for staff costs and legal expenses in connection with the ongoing claims for the reinstatement of the employees made redundant as well as a provision for anticipated losses for future rental obligations covering the risk that unused rented space at WILEX AG in Munich might not be able to be sublet for the remaining term of the lease.

3.17 Income taxes

Income tax expense is composed of the current tax expense and deferred taxes. The significant loss carryforwards prevented material tax liabilities from occurring.

Deferred income taxes are recognised by applying the balance sheet liability method for temporary differences which arise between the tax base of the assets and liabilities and their carrying amounts in the financial statements according to IFRS. Deferred income taxes are to be measured in accordance with the tax rates (and tax regulations) that are applicable as of the reporting date or that have essentially been passed as law and are expected to be applicable during the period in which an asset is realised or a debt is settled. Deferred tax assets and deferred tax liabilities are not recognised when the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in transactions which are not business combinations and affect neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent it is probable that a taxable profit will be available against which the temporary differences can be applied. Deferred tax assets for tax loss carryforwards are recognised to the extent it is probable that the benefit arising will be realised in future.

If relevant, current or deferred taxes are recognised in profit or loss, unless they are related to items that are either recognised in other comprehensive income or directly in equity. In this case, the current or deferred tax must also be recognised in other comprehensive income or directly in equity.

3.18 Earnings per share

Undiluted earnings per share are calculated as that proportion of net profit or loss for the year available to common shareholders, divided by the weighted average number of common shares outstanding during the period under review. The Treasury Stock Method is used to calculate the effect of subscription rights. It is assumed that the options are converted in full in the reporting period. The number of shares issued to the option holder as

consideration for the proceeds generated, assuming exercise at the exercise price, is compared with the number of shares that would have been issued as consideration for the proceeds generated assuming the average market value of the shares. The difference is equal to the dilutive effect resulting from the potential shares and corresponds to the number of shares issued to the option holder compared to another market participant receiving no consideration. The proceeds assumed from the issue of potential common shares with dilutive effect must be calculated as if they had been used to repurchase common shares at fair value. The difference between the number of common shares issued and the number of common shares which would have been issued at fair value must be treated as an issue of common shares for no consideration and is reflected in the denominator when calculating diluted earnings per share. The profit or loss is not adjusted for the effects of stock subscription rights. The conditional increase of the share capital to grant stock option rights to employees and members of the Executive Management Board (see note 3.19) could potentially dilute the diluted earnings per share in future. Because the stock options issued are currently not dilutive given WILEX AG's share price performance, the diluted and basic earnings per share are identical.

3.19 Employee and Executive Management Board member benefits

3.19.1 Share-based payment

Equity-settled share-based payment provided to employees in the form of stock options is recognised at the fair value of the relevant option prevailing on the respective grant date. Additional information on calculation of the fair value of share-based payment is presented in note 25.

The fair value calculated upon equity-settled share-based payment is recognised as an expense using the straight-line method over the period until vesting with a corresponding increase in equity and is based on the Company's expectations with regard to the equity instruments which are likely to vest. At each reporting date, the Group must review its estimates regarding the number of equity instruments vesting. The effects of changes to the original estimates, if any, must be recognised as in profit or loss in such a way that the cumulative expense reflects the change in the estimate and results in a corresponding adjustment in the reserve for equity-settled share-based payments to employees.

3.19.2 Profit-sharing scheme

WILEX recognises both a liability and an expense for bonus entitlements of both Executive Management Board members and employees. A liability is recognised if there is a contractual obligation or if an obligation is assumed to have arisen as a result of past business practice.

Bonus entitlements and variable remuneration are contingent on the achievement of personal targets and the company's performance targets. The performance-based remuneration of the members of the Executive Management Board and non-executive personnel is based for one on corporate goals and for another on performance targets that are fixed on an individual basis. These goals and targets comprise and essentially refer to the achievement of defined milestones in clinical development, the securing of the Company's further funding and the future performance of WLEX's shares.

Since profit-sharing payments are made subsequently as of the reporting date and there is uncertainty in terms of their amount as a result, the Company recognises a corresponding provision that is measured using estimates and judgements based on previous payments.

3.19.3 Pension costs

Payments for defined-contribution pension plans for current and former Executive Management Board members and managing directors are recognised as expenses when the beneficiaries have performed the work that entitles them to the contributions. Currently there is a pension plan at Heidelberg Pharma into which contributions are still being paid. Regarding the WILEX AG pension plan, no additional contributions are expected due to a previous one-time payment.

The payments into a defined contribution plan as pledged in exchange for the work performed by the beneficiaries are expensed in the financial year in question.

3.19.4 Employer's contributions to the statutory pension insurance scheme

In the 2014 financial year, WILEX paid € 317 k in employer contributions to the statutory pension insurance scheme; this expense is allocated to staff costs (previous year: € 478 k).

3.20 Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to WILEX is deemed to represent a finance lease under IAS 17. Finance leases are recognised at the beginning of the lease at the lower of fair value or present value of the minimum lease payments. Each lease payment is split into an interest and repayment portion so as to produce a constant interest rate on the remaining balance of the liability. The relevant lease liabilities are contained in liabilities arising from leases. The interest portion of the financing costs is recognised in income over the term of the lease using the effective interest method. If there is sufficient certainty that ownership will transfer to the lessee at the end of the term of the lease, the asset acquired under a finance lease is depreciated over its expected useful life. Otherwise, the asset is depreciated over the shorter of its useful life or the term of the lease.

Leases, where the risks and rewards associated with ownership remain essentially with the lessor, are deemed to be operating leases. Any payments made under operating leases are recognised in income on a straight-line basis over the term of the lease.

3.21 Recognition of revenue and earnings

Sales revenue and other income are measured at the fair value of the consideration received or receivable and reduced by discounts and similar deductions.

WILEX's business activities are aimed at generating revenue from cooperation agreements and/or licence agreements (depending on the design of the given contract in the form of upfront payments, milestone payments, cost reimbursements and royalties). WILEX also generates sales revenue from the provision of services as part of its customer specific contract research.

3.21.1 Sales revenue from cooperation and out-licensing agreements

Sales revenue from such agreements can consist of up-front payments, milestone payments or cost reimbursements for current project development and management.

Up-front payments are due as prepayments at the start of a given cooperation. Revenue recognition in connection with up-front payments requires a case-by-case analysis of the overall circumstances and is therefore contingent on the content of the relevant contract. Revenue is recognised upon receipt of the invoice providing all conditions in IAS 18.14 ff. have been satisfied. Where individual conditions have not been met, the up-front payments received are recognised as deferred income and recognised on a pro-rata basis in profit or loss over the term of the defined work to be performed.

Milestone payments are contingent upon achievement of contractually stipulated targets. Milestones and the resulting sales revenue are not posted as such until the respective targets triggering the payments have been met in full.

The cooperation agreements also normally generate sales revenues in the form of cost reimbursements for ongoing project development with the respective partner that are billed as the costs are incurred and reported as sales.

3.21.2 Sales revenue from the sale of goods

Sales revenue from the sale of goods is recognised when the goods have been delivered, legal transfer of ownership has taken place and the following conditions have been met at the time:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of sales revenue can be estimated reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred in respect of the transaction can be estimated reliably.

3.21.3 Sales revenue from the provision of services

Income from service contracts is recognised according to the percentage of completion. The percentage of completion is determined as follows:

- Income from customer-specific research is calculated on a time-and-materials basis and recognised at the contractually agreed hourly rates and directly incurred costs.

3.21.4 Other income

In addition to the reversal of unused liabilities and provisions from prior periods through profit or loss, other income relates mainly to government grants, such as those from the Federal Ministry of Education and Research (BMBF). These government grants are used to support certain projects by reimbursing research expenses from public funds. Reimbursement is based on the project costs incurred. The cash amounts received in advance are recognised according to the stage-of-completion method of the underlying service period. There was also income from exchange rate differences.

3.22 Cost of sales

All costs directly related to generating sales revenue are reported as cost of sales. Cost of sales thus comprises staff costs, material costs and other costs directly attributable to manufacturing in reference to the respective goods and services sold.

3.23 Research and development

Research and development activities comprise all associated costs not related to the generation of sales revenue, including staff costs, consulting costs, amortisation and impairment losses, material and cost of sales, third party services, laboratory costs and fees for legal advice. They are recognised as expenses in the period in which they are incurred.

3.24 Interest income

Interest income is recognised in the statement of comprehensive income at the time it is generated, taking into account the effective yield on the asset.

3.25 Interest expense

Interest expense comprises interest on a shareholder loan, interest expense on current liabilities and any interest portion in connection with leases. Since the Group does not own qualifying assets, borrowing costs are recognised as an expense in the period in which they are incurred.

4 Segment reporting in accordance with IFRS 8

According to IFRS 8, an operating segment is a component of an entity whose business activities may generate sales revenue and incur expenses, whose operating results are regularly monitored by the entity's primary decision maker (the full Executive Management Board), and for which separate financial data are available.

Segmentation information is provided for the Group's operating segments based on the Group's management structure and the structure of its intragroup reporting. Segment results contain components that may be attributed directly to a single segment or, if possible, allocated to all segments on a reasonable basis. Intragroup pricing between segments is determined on an arm's length basis involving third parties.

In addition to the segments, items that cannot be clearly allocated to any specific segment in internal reporting are classified as "not allocated". These items mainly comprise gains from exchange rate differences and reversal through profit or loss of provisions as well as finance income and costs.

In accordance with IFRS measurements and based on its still current internal management and organisational structure, WILEX has been reporting on three operating segments since the 2011 financial year, each of which is explained below, along with its separate core business and core projects.

4.1 Therapeutics (Rx)

Until the current financial year, WILEX AG was a biopharmaceutical company focused on oncology. It developed therapeutic products based on antibodies and small molecules for the targeted treatment and detection of various types of cancer. The Therapeutics segment comprises (or comprised) the following product candidates: RENCAREX®, MESUPRON® (which the Company was able to out-license worldwide during the financial year), WX-554, WX-037 (each until return during the year to UCB Pharma S.A., Brussels, Belgium (UCB)), as well as all preclinical and research activities of WILEX AG. Since the end of January 2014 and the initiation of a comprehensive restructuring process, development activities have been successively discontinued, following which the Company will focus exclusively on the commercial exploitation of its product candidates in the future.

4.2 Diagnostics (Dx)

Since the sale of WILEX Inc. as of 6 September 2013, this segment has solely comprised the diagnostic candidate REDECTANE®. In the Diagnostics segment as well, WILEX AG discontinued its research and development activities in order to concentrate exclusively on commercial exploitation in the future.

4.3 Customer Specific Research (Cx)

The subsidiary Heidelberg Pharma provides customer specific services in connection with a novel technology platform for therapeutic antibody drug conjugates (ADCs), which is still being developed. The company aims at entering into collaborative partnerships with research institutes as well as pharmaceutical and biotechnology companies in the form of licensing models for the toxin linker technology and performs contract work related to manufacturing, optimising and profiling new Antibody Targeted Amanitin Conjugates (ATACs) based on antibodies that are owned by the respective customers.

A possible ADC collaboration can be broken down into three steps:

- Material Transfer Agreements (MTA)

This phase concerns a non-exclusive agreement on testing a customer's antibodies.

- Technology Licence Agreements (TLA)

In this phase, the antibody that was tested during the MTA phase is further refined and tied to a toxin via a linker.

- Product Licence Agreement (PLA)

In this phase, the drug candidate defined in the TLA Phase is subject to further research by the customer and refined in clinical trials. Heidelberg Pharma receives individual up-front, milestone and licence payments for achieving the individual trial phases as well as for commercialisation.

As a second model, Heidelberg Pharma will contribute the toxin linker technology to product partnerships as a contribution in kind, while other biotechnology companies will contribute their antibodies or innovative antibody formats. Together, novel ATACs will be developed up to the preclinical stage including GMP production, in which their efficacy and tolerability can be meaningfully assessed. Through the provision of the relevant skills and resources, the internal contribution to the value chain is expected to be increased. A decision will later be taken with the partner in question as to whether joint clinical development is possible or whether direct licensing or sale of the product to third parties is preferable.

Furthermore, Heidelberg Pharma performs work on drug metabolism, pharmacology and pharmacokinetics especially in oncology in its preclinical service business.

The two fee-for-service areas cannot be clearly separated from each other because they are interdependent.

At this time the business of Heidelberg Pharma is based solely on the fee-for-service model, which means that its services are billed individually.

With regard to segment reporting, it should generally be assumed that going forward no business activities will be conducted that differ materially in their risk/reward profiles. As a result, WILEX will no longer perform segment reporting from the coming financial year onward.

4.4 Segment result

4.4.1 Segment result as of 30 November 2014

Segment results in € '000	Rx	Dx	Cx	Not allocated	Consoli-dation	Group
Sales revenue	1,853	0	1,744	0	0	3,597
External sales revenue	*1,853*	*0*	*1,744*	*0*	*0*	*3,597*
Intersegment sales revenue	*0*	*0*	*0*	*0*	*0*	*0*
Other income	237	252	337	607	(20)	1,413
Operating expenses	(4,589)	(1,363)	(4,654)	0	20	(10,586)
of which cost of sales	*0*		*(1,355)*	*0*	*0*	*(1,355)*
of which depreciation, amortisation and impairment losses	*(154)*	*(34)*	*(302)*	*0*	*0*	*(489)*
Finance income	0	0	0	433	(346)	87
Finance costs	0	(0)	(350)	(114)	346	(118)
Earnings before tax	(2,499)	(1,111)	(2,923)	926	0	(5,608)
Income taxes	(93)	0	0	0	0	(93)
Net loss for the year	(2,592)	(1,111)	(2,923)	926	0	(5,701)

In the financial year, no intersegment sales revenue was generated. External sales revenue was generated on the one hand in the Therapeutics segment, € 1,203 k of which relates to the out-licensing of MESUPRON® and € 650 k of which is attributable to the discontinuation of the partnership with UCB. On the other hand, the sales revenue produced by HDP, which overlaps with the Cx segment, totalled € 1,744 k.

In total, WILEX had four customers or cooperation partners who each accounted for more than 10% of the Group's sales revenue for the 2014 financial year. Three of these are associated with the Rx segment and together are responsible for € 1,853 k and therefore 100% of the segment's and 52% of the Group's sales revenue. Another customer/cooperation partner generated € 751 k in sales revenue in the Cx segment, which makes up 43% of the segment's and 21% of the Group's sales revenue.

The following table shows the regional distribution of sales revenue at segment level in terms of a customer's or collaboration partner's domicile:

Region / segment	Rx				Dx				Cx			
	2014		2013		2014		2013		2014		2013	
	€ '000	%	€ '000	%	€ '000	%	€ '000	%	€ '000	%	€ '000	%
Germany	0	0%	0	0%	0	0%	0	0%	684	39%	1,055	61%
Europe	650	35%	400	4%	0	0%	0	0%	829	48%	554	32%
USA	0	0%	11,009	96%	0	0%	178	100%	185	11%	121	7%
Rest of world	1,203[1]	65%	0	0%	0	0%	0	0%	46	3%	0	0%
Total	1,853	100%	11,409	100%	0	0%	178	100%	1,744	100%	1,730	100%

[1] The sales revenue was generated in China and Israel

4.4.2 Segment result as of 30 November 2013

Segment results in € '000	Rx	Dx	Cx	Not allocated	Consoli-dation	Group
Sales revenue	11,408	178	1,731	0	(1)	13,317
External sales revenue	*11,408*	*178*	*1,730*	*0*	*0*	*13,317*
Intersegment sales revenue	*0*	*0*	*1*	*0*	*0*	*1*
Other income	815	4,609	366	0	0	5,790
Operating expenses	(13,805)	(5,863)	(4,403)	0	1	(24,070)
of which cost of sales	*(820)*	*(1,256)*	*(1,603)*	*0*	*0*	*(3,678)*
of which depreciation, amortisation and impairment losses	*(1,134)*	*(228)*	*(354)*	*0*	*0*	*(1,716)*
Finance income	0	0	0	474	(390)	84
Finance costs	0	(172)	(228)	(150)	390	(160)
Earnings before tax	(1,582)	(1,248)	(2,533)	323	0	(5,040)
Net loss for the year	(1,582)	(1,248)	(2,533)	323	0	(5,040)

4.5 Segment assets

The assets shown on the consolidated balance sheet amount to € 15,030 k (previous year: € 22,312 k) and are allocable as follows among the various segments (taking into account consolidation effects):

30/11/2014	Rx	Dx	Cx	Not allocated	Group
Total assets in € '000	**0**	**1,838**	**10,495**	**2,697**	**15,030**
Total current assets	0	0	448	2,462	2,910
Total non-current assets	0	1,838	10,047	235	12,120

30/11/2013	Rx	Dx	Cx	Not allocated	Group
Total assets in € '000	**121**	**2,155**	**8,091**	**11,945**	**22,312**
Total current assets	121	25	547	8,814	9,507
Total non-current assets	0	2,130	7,544	3,132	12,805

- The Rx segment reported assets of € 0 k (previous year: € 121 k), € 0 k (previous year: € 0 k) of which were classified as non-current and € 0 k (previous year: € 121 k) of which were classified as current.
- The Cx segment reported assets of € 1,838 k (previous year: € 2,155 k), € 1,838 k (previous year: € 2,130 k) of which were classified as non-current and € 0 k (previous year: € 25 k) of which were classified as current.
- The Cx segment reported assets of € 10,495 k (previous year: € 8,091 k), € 10,047 k (previous year: € 7,544 k) of which were classified as non-current and € 448 k (previous year: € 547 k) of which were classified as current.
- Non-current assets totalling € 235 k (previous year: € 3,132 k) and current assets amounting to € 2,462 k (previous year: € 8,814 k) cannot be allocated to a specific segment. The largest item here is cash and cash equivalents.

The assets from all segments, which were both current and non-current, as well as the unallocable assets were located in Germany, with the exception of the loan receivable from Nuclea.

The non-allocated total current assets largely comprise the cash and cash equivalents and the receivables of WILEX AG from tax authorities. The non-allocated non-current total assets consist of the security deposit and the remaining items of property, plant and equipment of WILEX AG, all of which cannot be clearly allocated to the Rx and Dx segments.

Taking into account consolidation effects, investments in the financial year 2014 amounted to € 196 k (previous year: € 172 k). The Cx segment accounts for € 171 k of this figure (previous year: € 144 k), the Dx segment accounts for € 0 k (previous year: € 4 k) and the Rx segment accounts for € 0 k (previous year: € 0 k), while € 25 k (previous year: € 24 k) cannot be allocated to a specific segment.

Liabilities are not tracked by management at segment level. For this reason, no disclosure in accordance with IFRS 8.28(d) is made here.

5 Financial risk management

5.1 Financial risk factors

Given its business activities, WILEX is exposed to certain risks, in particular market risk (including currency risks, interest and price risks), liquidity risk and default risk. WILEX's risk management focuses on the unpredictability of the financial markets and aims to minimise any potential adverse effects on the company's ability to finance its business activities. However, WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

Responsibility for group-wide risk management rests with the full Executive Management Board. It has implemented an effective group-wide risk management system throughout the entire WILEX Group and monitors compliance with the risk management principles approved by the Supervisory Board with the help of the respective individuals responsible for the individual fields of risk identified as well as in cooperation with Controlling. The Executive Management Board specifies written principles for all risk management aspects. The Risk Officer identifies, assesses and communicates financial and corporate risks in close cooperation with the Executive Management Board. Moreover, all potential risks, particularly financial risks with substantial ramifications and a reasonable probability of occurring are closely monitored and discussed by the company's Executive Management and Supervisory Boards at every quarterly reporting date.

The groupwide risk management system serves to identify and analyse risks to which WILEX is exposed, making it possible to take appropriate countermeasures as necessary. The principles underlying the risk management system are reviewed and adjusted in a regular and ongoing process in order to ensure that any changes in and requirements of WILEX's business environment are covered. Internal guidelines and training ensure that every employee is aware of their tasks and duties in connection with the risk management system and duly carries them out.

5.1.1 Market risk

5.1.1.1 Currency risk

WILEX cooperates with different service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars (USD), Swiss francs (CHF), British pound (GBP) and, to a lesser extent, in other foreign currencies. This risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable.

As the currency risk is limited overall, WILEX has not concluded any hedging transactions but is attempting to achieve financial hedging by matching cash inflows and outflows in the same currency.

5.1.1.2 Price risk

WILEX is not exposed to risks from share price fluctuations related to equity securities, nor to risks from changes in the price of commodities.

5.1.2 Liquidity and interest risk

Mainly cash, cash equivalents and receivables constitute financial instruments that might expose WILEX to concentrations of default, liquidity and interest rate risks. WILEX has no obligations under long-term financial investments. WILEX has a detailed cash planning system, which is updated regularly, at least once a month. It serves to ensure that WILEX is aware of the available cash and cash equivalents and the due dates of its liabilities at all times in order to be able to pay liabilities as they fall due.

Given the contractually fixed interest rates and short maturities, market-driven interest rate fluctuations do not have a direct effect on the financial assets and liabilities such that the interest rate risk plays a secondary role for WILEX.

5.1.3 Default risk

WILEX is exposed to bad debt risks in connection with its receivables. No material past due trade or other receivables were recognised as of the reporting date. However, bad debt risks were identified as a potential risk and monitored in its risk management system.

The default risk in connection with the financial assets (€ 1,777 k) corresponds to the receivable in USD from Nuclea, which was equivalent to € 1,777 k at the reporting date and was discounted adequately based on its risk and term.

The other non-current assets comprise additional receivables from Nuclea (€ 61 k), receivables in connection with subletting (€ 12 k) and collateral for bank guarantees for rent and lease security deposits (€ 157 k), with the latter not being subject to a default risk (see note 5.1.4).

The maximum default risk in connection with trade receivables is € 177 k and corresponds to the trade receivables balance sheet item. The maximum default risk in connection with other receivables is € 272 k. An amount of € 65 k from subletting is outstanding; a further € 196 k relates to receivables from the tax authorities and € 11 k relates to other items.

No financial asset is past due.

Receivables were not collateralised.

5.1.4 Cash flow and fair value interest rate risk from financial instruments

WILEX invests liquid funds only in interest-bearing bank accounts or short-term fixed deposits. Market interest rate fluctuations may therefore affect the company’s ability to

generate sufficient interest income from these financial instruments. This conservative investment approach ensures that there is no non-payment risk (see note 3.14).

Furthermore, WILEX maintains domestic credit balances only with major banks that belong to the German Deposit Insurance Fund and/or the German Savings Banks Organisation's deposit assurance fund. The default risk in connection with these credit balances is therefore minimal.

5.2 Determination and measurement of fair value

The rules in IFRS 13 Fair Value Measurement must always be applied if fair value measurement is stipulated or permitted by another IAS or IFRS, or if disclosures about fair value measurement are required. The 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 (exit price). The fair value of a liability therefore reflects the default risk (i.e. own credit risk). Measurement at fair value assumes that the asset is being sold or the liability is being transferred in the principal market or — if such is unavailable — in the most favourable market. The principal market is the market with the largest volume and the greatest activity to which the entity has access.

Fair value is determined using the same assumptions and taking into account the same characteristics of an asset or a liability on which independent market participants would base their assessment. Fair value is a market-based, not entity-specific measurement. For non-financial assets, the fair value is determined based on the best possible use of the asset by a market participant.

WILEX uses the following hierarchy to determine and disclose the fair value of financial instruments (see note 21):

Level 1: Quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access. The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date.

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability either directly (such as prices) or indirectly (derived from prices). The fair value of financial instruments not traded on an active market can be determined using a valuation technique. In this case, fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all of the inputs required to determine fair value are observable, the instrument is classified in Level 2.

Level 3: Inputs for the asset or liability that are not observable. If important inputs are not based on observable market data, the instrument is classified in Level 3.

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities as well as trade receivables and payables are more or less equal to their fair value on account of the short maturities.

6 Going concern risk

As of the 30 November 2014 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the

second quarter of 2015. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

Thanks to the commitment given during financial statement preparation by its main shareholder dievini to provide the Company with cash and cash equivalents of up to € 5 million as equity or in quasi-equity form (see note 34.3), the way was paved for extending the Company's cash reach until at least the end of the second quarter of 2016, so that at the time the financial statements were being prepared it could be assumed that the Company would continue as a going concern at least for the next twelve months.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements on a going-concern basis in accordance with IAS 1.25.

The cash is being used to further develop WILEX's business activities with a focus on the innovative ADC technology by subsidiary Heidelberg Pharma GmbH. As its sales revenue from customer-specific research (Cx) rises, the subsidiary is expected to make a positive contribution to earnings. Ideally, the research agreements already concluded in the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ADC product candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

For the remaining projects, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach. WILEX AG is also working hard on subletting or re-letting parts of its rented premises in Munich, which would generate further savings. This will enable WILEX to substantially reduce its operating expenses for 2015 and 2016 and extend its cash reach.

If the Executive Management Board were unable to implement the measures described above, or if there were no opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable after the second quarter of the 2016 financial year to satisfy their payment obligations and/or become overindebted as a result of its subsidiary HDP missing budget targets, for instance. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital.

7 Critical estimates and discretionary decisions

Application of the accounting principles described under note 3 requires the Management Board to assess facts, perform estimates and make assumptions with respect to the carrying amounts of assets and liabilities that cannot be readily determined from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions that have a significant risk of causing a

material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The assumptions underlying the estimates are regularly reviewed. Changes in the estimates that concern only a specific period are considered solely in that period; if the changes concern both the current and subsequent reporting periods, then they are considered in all relevant periods.

Assumptions underlying the recognition of sales revenue and other income are based on estimates by the Executive Management Board.

Determining the expense from the measurement of stock options and the parameters underlying the impairment test materially concern assumptions and judgements that are made by management and regularly reviewed.

7.1 Expense from the granting of stock options

WILEX recognises expenses in the amount of € 27 k (previous year: € 69 k) from the granting of stock options under staff costs (see note 25). For this purpose, future assumptions need to be made regarding the different calculation parameters, such as the expected volatility of the share price, the expected dividend payment, the risk-free interest rate during option terms and staff and Executive Management Board turnover. Should these assumptions change, WILEX would need to change the relevant parameters and adjust its calculations and staff costs accordingly (see note 24).

7.2 Impairment test pursuant to IAS 36

The impairment tests of both goodwill (see note 8) in the amount of € 6,111 k (previous year: € 6,111 k) and the technology asset In Process Research & Development (IP R&D) – which is not yet ready for use - in the amount of € 2,493 k (previous year: € 2,493 k) require either estimating the value in use based on the cash generating unit's probable expected future cash flows and the reasonable weighted average cost of capital or estimating the fair value less costs to sell.

Factors such as revenue that is lower than expected and the resulting decrease in net cash flows as well as changes in the WACC could have a material effect on the determination of the value in use and/or the fair value less costs to sell and, in the final analysis, on the impairment of the goodwill or the IP R&D technology asset acquired.

8 Impairment testing pursuant to IAS 36

The following is a description of impairment testing of the goodwill and the intangible and not yet amortised technology asset acquired in the course of the 2011 business combination with Heidelberg Pharma.

For purposes of annual impairment testing, goodwill and the IP R&D technology asset are assigned to WILEX's lowest cash generating unit, which is monitored by the Executive Management Board and at the same time constitutes the Customer Specific Research (Cx) segment.

WILEX AG acquired Heidelberg Pharma in March 2011. This acquisition generated goodwill of € 6,111 k. Furthermore, an IP R&D asset consisting of the ADC technology with a net carrying amount of € 2,493 k was identified as a not-yet-ready-for-use technology asset in the course of the purchase price allocation performed at the time. The carrying amounts as of 30 November 2014 correspond to the value at acquisition in each case.

Impairment testing, and therefore the calculation of the recoverable amount as the fair value less costs of disposal, is based on a discounted cash flow model in which the capitalized value is calculated and assumptions in respect of company planning are used to determine the enterprise value. The expected future cash flows from HDP were discounted applying a company-specific risk-adjusted interest rate.

Planning is based on sustainable annual sales revenue of around € 1 million from the service business of HDP, with continuous growth of 1.5% being expected from 2020 to 2035. For periods after 2035, a terminal value of € 84 k was taken into account.

For the ADC business, the current customer base was analysed as to its future contract potential, and sales revenue planning was based on the processing and exploitation of ten ADC targets during the period from 2014 to 2035.

The ADC technology platform is a cornerstone of Heidelberg Pharma's business model. The ADC technology is expected to be used to optimise antibodies for specific customers and manufacture corresponding antibody-drug conjugates (ADC) to improve cancer treatments in the future. Heidelberg Pharma intends to market the ADC technology to third parties and plans to generate sales revenue in the form of milestone and licence payments. Particularly in the final phase of an ADC agreement (product licence agreement), these payments are essential to the business model. They come due as soon as the contractual partner pursues development of a drug candidate and completes the approval process. The development phase comprises the execution of several clinical trials and can therefore take several years, which necessitates a second long-term planning phase for purposes of the impairment test.

The mid-term planning used for the impairment test comprises a detailed five-year plan for the period from 2015 to 2019 (preclinical and early clinical stages). This is followed by a second, longer-term 16-year planning phase (later clinical stages, approval and market launch) plus a terminal value which continues the first planning phase and is based on the following model assumptions:

- Derivation of potential sales revenue based on comparison data of approved oncological drugs
- Potential licence income for the first target from 2024
- Maximum exploitation period for licence income until 2035
- Discounts for the success rates of individual clinical phases according to the scientific literature

The carrying amount of the cash generating unit analysed was € 10,495 k as of the reporting date (previous year: € 8,091 k), which corresponds to the sum total of assets of the Cx segment.

Allowing for the risks and opportunities arising from the business activities, the weighted average cost of capital used for the impairment test was 13.6% (previous year: 14.1%) before taxes and 11.6% (previous year: 11.6%) after taxes.

The impairment test showed that there was no need to recognise impairment losses on goodwill or the IP R&D technology as of 30 November 2014. Not until a weighted average cost of capital of 15.4% (before tax) (previous year: 17.2%) is reached would the carrying amount of the cash generating unit equal the total present value calculated.

The underlying income tax rate is 28.43%, as in the previous year.

There were no events during the financial year just ended that would have indicated a need to conduct a specific impairment test on goodwill or IP R&D technology. The calculation of fair value less cost of disposal is based on unobservable inputs (Level 3; see note 5.2).

As a consequence of the gradual discontinuation of research and development activities at WILEX AG, the Company's remaining laboratory equipment and other office equipment was re-tested for impairment. Due to the lack of future potential use for these assets of WILEX AG in the Company and the intention to sell, the recoverable amount was calculated and carried as the fair value less costs to sell in each case based on market prices.

9 Property, plant and equipment

As of 30 November 2014 and 2013, property, plant and equipment comprised the following:

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2013 financial year				
Opening carrying amount	1,256	729	102	2,087
Additions	112	5	27	144
Disposals	(303)	0	0	(303)
Depreciation, amortisation and impairment losses	(201)	(56)	(54)	(311)
Impairment losses	(212)	(66)	(15)	(293)
Net carrying amount as of 30/11/2013	651	613	(60)	1,324
As of 30/11/2013				
Cost	2,285	891	631	3,806
Accumulated depreciation and impairment	(1,633)	(278)	(571)	(2,482)
Net carrying amount as of 30/11/2013	651	613	60	1,324

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2014 financial year				
Opening carrying amount	651	613	60	1,324
Additions	158	0	39	197
Disposals	(84)	0	(18)	(102)
Depreciation, amortisation and impairment losses	(192)	(45)	(42)	(279)
Impairment losses	(86)	0	(1)	(87)
Net carrying amount as of 30/11/2014	448	568	37	1,053
As of 30/11/2014				
Cost	2,359	891	651	3,901
Accumulated depreciation and impairment	(1,911)	(323)	(614)	(2,848)
Net carrying amount as of 30/11/2014	448	568	37	1,053

Unless allocable to cost of sales, € 366 k (previous year: € 604 k) in depreciation and impairment losses were recognised in profit or loss as research and development costs and as general and administrative expenses. The year-on-year decrease is due to lower impairment losses in this financial year charged on property, plant and equipment at WILEX AG in connection with the restructuring measures initiated (€ 87 k; previous year: € 293 k), which are included in research and development costs and allocated to the Rx and Dx segments. Depreciation of property, plant, and equipment amounted to € 279 k (previous year: € 311 k).

The value of property, plant and equipment sold during the year is classified under disposals (€ 102 k). The loss from disposals of property, plant and equipment totalled € 29 k. The disposals during the previous financial year (€ 303 k) concern disposals in the context of WILEX Inc.

WILEX did not sign new finance leases pursuant to IAS 17 (see note 3.20) in the financial year just ended. Finance lease assets are measured at present value and amortised over their estimated useful life on a straight-line basis.

WILEX has not pledged any property, plant or equipment as collateral for liabilities. There are no contractual obligations for the acquisition of property, plant and equipment.

10 Intangible assets

As of 30 November 2014 and 2013, intangible assets comprised the following:

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2013 financial year							
Opening carrying amount	193	922	324	177	2,493	6,111	10,218
Additions	20	0	4	0	0	0	24
Amortisation and impairment	(97)	(119)	(16)	(24)	0	0	(257)
Impairment losses	0	(802)	0	0	0	0	(802)
Net carrying amount as of 30/11/2013	115	1	312	152	2,493	6,111	9,182
As of 30/11/2013							
Cost	705	1,796	1,515	320	2,493	6,111	12,939
Accumulated amortisation and impairment losses	(589)	(1,795)	(1,204)	(167)	0	0	(3,755)
Net carrying amount as of 30/11/2013	115	1	(311)	152	2,493	6,111	9,182

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2014 financial year							
Opening carrying amount	115	1	311	152	2,493	6,111	9,182
Additions	0	0	0	0	0	0	0
Amortisation and impairment	(82)	0	(16)	(25)	0	0	(124)
Net carrying amount as of 30/11/2014	33	1	295	127	2,493	6,111	9,059
As of 30/11/2014							
Cost	705	1,796	1,515	320	2,493	6,111	12,939
Accumulated amortisation and impairment	(672)	(1,795)	(1,220)	(193)	0	0	(3,879)
Net carrying amount as of 30/11/2014	33	1	295	127	2,493	6,111	9,059

Unless allocable to cost of sales, € 124 k (previous year: € 1,059 k) in depreciation and impairment losses were recognised in profit or loss as research and development costs and as general and administrative expenses. The substantial year-on-year decrease is due to impairment losses of € 802 k recognised in the previous year in connection with the restructuring measures initiated at WILEX AG. No impairment losses and additions were recorded for the financial year just ended. In addition, the acquired customer base identified as an intangible asset in connection with a purchase price allocation was amortised.

WILEX has not pledged any intangible assets as collateral for liabilities. The Company has no contractual obligations for the acquisition of intangible assets.

10.1 Goodwill

The goodwill recognised arises from the business combination with Heidelberg Pharma. The assets and liabilities acquired as well as the deferred tax assets and liabilities are recognised separately as of the acquisition date.

Goodwill of € 6,111 k was identified in connection with the acquisition of Heidelberg Pharma and the subsequent purchase price allocation; it will be tested for impairment annually in accordance with IAS 36 (see note 8).

10.2 Intangible assets not yet ready for use

In the purchase price allocation for Heidelberg Pharma carried out in 2011, the novel ADC technology still under development and not yet ready for use was defined as IP R&D and identified as an intangible asset. The carrying amount is € 2,493 k.

The Company believes that the ADC technology has the potential to improve the efficacy of many antibody-based compounds, including those marketed.

This technology will not be amortised until its development has been successfully completed and the technology can thus be deemed ready for use, i.e. a therapeutic agent can be marketed. Subsequent costs are recognised through profit and loss as research and

development expenses. They are not capitalised pursuant to IAS 38 in keeping with the treatment of other development costs and given WILEX's industry-related specificities. It is typical for the biotechnology industry that particularly the technical feasibility pursuant to IAS 38.57 (a) as well as any future economic benefits pursuant to IAS 38.57 (c) are uncertain, even in projects where the research has largely been completed. This IP R&D technology asset was tested for impairment as of 30 November 2014 during the impairment test carried out in November 2014. WILEX has not found any indication of impairment of this intangible asset.

10.3 Other intangible assets

Other intangible assets comprise a customer base acquired in the course of the business combination with Heidelberg Pharma in financial year 2011. No impairment losses had to be recognised in addition to amortisation.

10.4 Patents and licences

Due to the introduction of the restructuring programme and the realignment of the Company, the value of the previously recognised patents licences of the parent company WILEX AG was no longer recoverable. Although the Company still aims to market and advance its existing projects, in line with a defensive approach it nevertheless seemed imperative in the previous year to reduce the carrying amounts of the licences. All previously recognised patents and licences of the parent company were therefore written off completely.

11 Financial assets

The financial assets item comprises loan receivables from Nuclea from the sale of WILEX Inc. amounting to € 1,777 k (previous year: € 2,069 k). Due to being classified a non-current receivable, a discount rate appropriate to its maturity was applied to this item, taking into account a risk premium. The expense arising from this valuation in the amount of € 379 k was allocated to administration and the Dx segment. No such issue arose in the previous year.

If the base rate for risk-free investments plus the individual risk premium applied, which together equal the discount rate, had risen by one percent, this receivable would have decreased by € 63 k. If a discount rate one percent lower had been selected, the receivable would have increased by € 67 k.

12 Other non-current assets

The other non-current assets (2014: € 230 k; previous year: € 229 k) mainly comprise rent security in the amount of € 148 k (previous year: € 148 k) and security for leased equipment in the amount of € 9 k (previous year: € 20 k) – all of which is deposited in bank accounts. This item also includes non-financial receivables from Nuclea totalling € 61 k (previous year: € 61 k) and, for the first time, receivables from sub-letting space in the amount of € 12 k.

13 Inventories

The inventories (2014: € 190 k; previous year: € 78 k) mainly concern incomplete research and development services at HDP. After a write-off in full in the previous year, WILEX AG as the parent company no longer reports any inventories.

No inventories were pledged as collateral for liabilities.

14 Prepayments made

Prepayments are comprised as follows:

	30/11/2014 in € '000	30/11/2013 € '000
Insurance	30	46
Prepayments to service providers	44	59
Other	0	1
Prepayments made	**74**	**106**

Prepayments to service providers include, in particular, payments to service providers for cell culture storage, databases and IT.

15 Trade and other receivables

The business activities of HDP generated € 177 k in trade receivables from a variety of sources (previous year: € 240 k).

	30/11/2014 in € '000	30/11/2013 in € '000
Trade receivables	177	240
Total	**177**	**240**

The maturity structure of trade receivables as of the reporting date was as follows:

	30/11/2014 in € '000	30/11/2013 in € '000
0 – 30 days	70	210
30 – 90 days	107	15
More than 90 days	0	15
Total	**177**	**240**

Since no receivables are due for more than 90 days, no receivables are recognised as past due.

Other receivables are comprised as follows:

	30/11/2014 in € '000	30/11/2013 in € '000
VAT claim	177	21
Refund on withholding tax on capital gains	19	28
Receivables from other services (without current account)	0	3
Other receivables	71	105
Other assets	5	5
Other receivables	**272**	**162**

Since the company has incurred only operating losses, the withholding tax on capital gains is refunded. The other receivables concern receivables from a sub-letter. Security deposits (2014: € 5 k; 2013: € 5 k) are categorised as other assets.

16 Cash and cash equivalents

	30/11/2014 in € '000	30/11/2013 in € '000
Cash and cash equivalents	2,197	8,920
Total	**2,197**	**8,920**

Cash and cash equivalents, which exclusively consist of bank balances, were down on the prior-year figure due to expenses and, to a smaller extent, to outflows of liquid funds not recognised as an expense.

17 Equity

As of 30 November 2014, the share capital consisted of 7,818,876 (30 November 2013: 31,275,507) no par value bearer shares with a pro-rata interest in the share capital of € 1.00 per share. The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserves" respectively.

The capital reduction resolved by the Annual General Meeting on 23 May 2014 and entered in the Commercial Register on 9 July 2014 reduced the number of outstanding no par value shares by 23,456,628 to 7,818,876 through a reverse split in the ratio of 4:1. Prior to this, the Company's share capital had been reduced by three shares from 31,275,507 to 31,275,504 to obtain an even reduction ratio for the ordinary capital reduction. As a result of the reverse split, the share capital of WILEX AG is reduced overall by € 23,456,631.00 to € 7,818,876.00. The difference of € 23,456,631.00 was reclassified on the liabilities side of the balance sheet from subscribed capital to capital reserves. The following shares have been issued or consolidated since the company was established:

Issue date	Entry in the commercial register	Number of shares	€
On 30/11/2003 *		**10,845,000**	**10,870,000**
On 30/11/2004 *		**10,845,000**	**10,870,000**
29/04/2005	31/05/2005	6,521,598	6,521,598
08/09/2005	10/11/2005	0	(25,000)
08/09/2005	10/11/2005	51	51
08/09/2005	10/11/2005	(11,577,766)	(11,577,766)
On 30/11/2005		**5,788,883**	**5,788,883**
03/11/2005	21/12/2005	2,173,871	2,173,871
10/11/2006	10/11/2006	4,000,000	4,000,000
On 30/11/2006		**11,962,754**	**11,962,754**
On 30/11/2007		**11,962,754**	**11,962,754**
On 30/11/2008		**11,962,754**	**11,962,754**
18/02/2009	26/02/2009	1,818,181	1,818,181
On 30/11/2009		**13,780,935**	**13,780,935**
16/11/2009	04/12/2009	2,177,030	2,177,030
03/08/2010	05/08/2010	2,455,070	2,455,070
On 30/11/2010		**18,413,035**	**18,413,035**
17/03/2011	17/03/2011	3,200,000	3,200,000
On 30/11/2011		**21,613,035**	**21,613,035**
01/02/2012	03/02/2012	3,201,928	3,201,928
24/08/2012	27/08/2012	6,460,544	6,460,544
On 30/11/2012		**31,275,507**	**31,275,507**
On 30/11/2013		**31,275,507**	**31,275,507**
03/07/2014	03/07/2014	(3)	(3)
09/07/2014	09/07/2014	(23,456,628)	(23,456,628)
On 30/11/2014		**7,818,876**	**7,818,876**

* WILEX held an additional 25,000 no par value shares without voting rights as treasury shares.

Since the mandatory application of IFRS 2 in respect of the accounting for stock options, the value of the capital reserves is adjusted every quarter in line with the additional expenses resulting from the share-based model. A total of € 27 k (previous year: € 69 k) was recognised in this context in the period under review (see note 25).

Furthermore, according to the most recent prevailing IFRS interpretation, the waiver of repayment of the shareholder loan which came about due to discontinuation of the partnership with UCB (€ 2.5 million) resulting from the September 2014 contractual arrangement, including the interest accrued up to that point (€ 100 k), is required to be recognised as an addition to the capital reserves (see note 20).

As of the reporting date of 30 November 2014, the capital reserves amounted to € 185,365 k (previous year: € 159,281 k). The accumulated losses since the start of the Company's business activities in 1997 totalled € 181,308 k as of the end of the financial year (previous year: € 175,607 k).

18 Pension obligations

WILEX's pension plans are based solely on the defined-contribution model. The benefit obligations are covered by matching reinsurance (in terms of their amounts and maturity), which is why the fair value of the claims for reimbursement corresponds to the associated obligations.

In 1999, WILEX granted a pension commitment by paying a one-off amount of € 15 k to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014, as part of a deferred benefit.

A total of € 73 k was paid into Heidelberg Pharma's pension plan in the reporting period (previous year: € 53 k) and included in staff costs. There is also a pension commitment in respect of an employee who has since retired and in respect of Dr Jan Schmidt-Brand for which matching reinsurance was arranged.

The reinsurance cover matches because the payments under the reinsurance policy both in terms of their amount and the payments to the beneficiary are identical.

This is not shown in the balance sheet because the pension obligation is offset in each case against the asset value of the reinsurance policy.

19 Lease liabilities and other non-current liabilities

In the previous year, lease liabilities of € 25 k were recognised because of finance leases for several items of laboratory equipment with a term of 36 months each. This item has been eliminated as of the 2014 reporting date; no non-current lease liabilities are recognised anymore.

Other non-current liabilities are comprised as follows:

	30/11/2014 in € '000	**30/11/2013** in € '000
Obligations from anniversary payments	3	51
Other non-current liabilities	**3**	**51**

A service anniversary bonus was granted to all employees for WILEX's tenth anniversary. These staff costs were previously classified as current or non-current liabilities depending on the length of the given staff member's employment with the company. As a result of the restructuring programme and numerous departures, the Company only has a liability in respect of one employee left. Therefore, for reasons of materiality, no actuarial report (IAS 19) was prepared and liabilities no longer owed were reversed to profit or loss.

20 Liabilities and provisions

Current **trade payables** increased from € 191 k in the 2013 financial year to € 277 k in the financial year under review. They were mainly incurred for services and consulting provided.

A **current lease liability** of € 77 k (previous year: € 91 k) was recognised as of the reporting date in connection with several leases.

Financial liabilities are no longer owed due to the waiver by shareholder UCB of its claim for repayment of the shareholder loan in the amount of € 2.5 million as well as interest of € 100 k accrued in 2014 (previous year: € 2,638 k). In return, the product candidates (an MEK and a PI3K inhibitor as well as three early-stage antibody programmes) including all received rights thereto, development data and documentation as well as intellectual property were transferred to UCB and the partnership discontinued.

Provisions recognised in respect of restructuring included a total of € 731 k in expenses relating to an onerous lease for vacant space and expenses relating to workforce redundancies and the results of actions against wrongful dismissal. In the previous year, a provision of € 1,591 k had been recognised for this purpose but allocated to the other current liabilities item.

€ '000	Onerous lease	Redundancies	Legal consulting for actions against wrongful dismissal	Total
As of 30 November 2013	**857**	**543**	**191**	**1,591**
Addition	30	30	0	60
Utilisation	0	(543)	(93)	(636)
Reversal	(284)	0	0	(284)
As of 30 November 2014	**603**	**30**	**98**	**731**

Provisions are by definition associated with uncertainty in terms of their amount and timing. Regarding the vacant space, WILEX aims to find additional sub-letters in financial year 2015 to keep the financial losses from binding leases as low as possible. In terms of the actions against wrongful dismissal, WILEX is optimistic that the lawsuits against it will not be successful.

Other current liabilities are comprised as follows:

	30/11/2014 in € '000	30/11/2013 in € '000
Obligation for holidays not taken	112	236
Other deferred income	300	188
Social security and other taxes	175	145
Accrued liabilities	1,480	2,206
Other current liabilities	**2,066**	**2,775**

The **accrued liabilities** are composed as follows:

	30/11/2014 in € '000	30/11/2013 in € '000
Employee bonuses and profit-sharing bonuses	800	1,155
Costs for preparing the financial statements	107	110
Service anniversary payments	0	7
Deliveries/services	573	934
Total	**1,480**	**2,206**

WILEX recognises accruals for goods and services where it has a current obligation arising from the supply of goods and services received. Accruals were recognised in the amount of the payment outflow required to fulfil the current obligation. Most obligations in this category comprise external research and development costs of service providers in connection with preclinical and clinical work and trials, as well as the cost of production for the basic material.

Employee bonuses are granted depending on the performance of the company and of individual employees or members of the Executive Management Board, and are due for payment in the following financial year. The year-on-year increase is attributable to the fact that bonuses for the members of the Executive Management Board for 2012 and 2013 had not yet been paid and continue to be deferred.

21 Other disclosures on financial instruments

Carrying amounts and fair values follow from the table below. In addition, the financial instruments were broken down into categories pursuant to IAS 39 (see note 3.14):

in € '000	Measurement category according to IAS 39	Measurement as of 30/11/2014		Measurement as of 30/11/2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Loans and Receivables	1.777	1.777	2.069	2.069
Trade receivables	Loans and Receivables	177	177	240	240
Cash and cash equivalents	Loans and Receivables	2.197	2.197	8.920	8.920
Lease liabilities (non-current)	Financial Liabilities Amortised Cost	0	0	(25)	(25)
Trade payables	Financial Liabilities Amortised Cost	(277)	(277)	(191)	(191)
Lease liabilities (current)	Financial Liabilities Amortised Cost	(77)	(77)	(90)	(90)
Financial liabilities	Financial Liabilities Amortised Cost	0	0	(2.638)	(2.638)
Total		**3.797**	**3.797**	**8.285**	**8.285**

Aggregation by measurement criteria	Loans and Receivables	4.151	4.151	11.229	11.229
	Financial Liabilities Amortised Cost	(354)	(354)	(2.944)	(2.944)

Financial assets comprise loan receivables and the resulting interest receivables from Nuclea arising from the sale of WILEX Inc., which are expected to be paid by the start of

2022. Because this item is classified as a non-current receivable, a discount rate appropriate to its maturity was applied, and it was recognised in the amount of € 379 k, taking into account a risk premium for the first time in financial year 2014. The fair value of the receivable is therefore calculated at Level 2. Trade receivables all have remaining maturities of less than one year. There are no discernible default risks. Most of the trade payables have short remaining maturities, with the result that the carrying amounts also correspond to the fair value as of the reporting date. The lease liabilities are measured based on a payment plan.

The carrying amounts of other assets and liabilities such as cash and cash equivalents as well as trade payables were more or less equal to their fair value on account of the short maturities.

No expense or income was incurred for loans and receivables as well as financial liabilities carried at amortised cost. A total of € 100 k (previous year: € 150 k) were recognised as interest expense related to financial liabilities.

The table below presents the reconciliation of the balance sheet items related to the classes of financial instruments broken down by carrying amount and fair value.

in € '000	**Measured at amortised cost**		**Measured at fair value**	**Not within the scope of IFRS 7**	**Balance sheet item as of 30/11/2014**
	Carrying amount	**Fair value**			
Assets					
Financial assets	1,777	1,777	-	-	1,777
Trade receivables	177	177	-	-	177
Cash and cash equivalents	2,197	2,197	-	-	2,197
All other recognised assets	-	-	-	10,879	10,879
Total assets	***4,151***	***4,151***	***-***	***10,879***	***15,030***
Equity and liabilities					
Trade payables	(277)	(277)	-	-	(277)
Lease liabilities (current)	(77)	(77)	-	-	(77)
Equity and all other recognised liabilities	-	-	-	(14,676)	(14,676)
Total equity and liabilities	***-***	***-***	***-***	***(14,676)***	***(15,030)***

The following figures apply to the previous year:

in € '000	Measured at amortised cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30/11/2013
	Carrying amount	Fair value			
Assets					
Financial assets	2,069	2,069	-	-	2,069
Trade receivables	240	240	-	-	240
Cash and cash equivalents	8,920	8,920	-	-	8,920
All other recognised assets	-	-	-	11,083	11,082
Total assets	***11,229***	***11,229***	**-**	**11,083**	***22,312***
Equity and liabilities					
Lease liabilities (non-current)	(25)	(25)	-	-	(25)
Trade payables	(191)	(191)	-	-	(191)
Lease liabilities (current)	(91)	(91)	-	-	(91)
Financial liabilities	(2,638)	(2,638)	-	-	(2,638)
Equity and all other recognised liabilities	-	-	-	(19,367)	(19,367)
Total equity and liabilities	***(2,945)***	***(2,945)***	**-**	**(19,367)**	***(22,312)***

Fair value hierarchy levels

In accordance with IFRS 13.76 ff., WILEX uses hierarchy levels to determine and disclose the fair value of financial instruments (see note 5.2).

As of the balance sheet date, the Company held no underlying financial instruments measured at fair value.

In 2014 and 2013, there were no reclassifications of items between fair value hierarchy levels.

Risks from financial instruments:

In respect of risks from financial instruments, see for example the section on the management of financial risks (see note 5).

Financial instruments with an inherent default and liquidity risk mainly comprise cash and cash equivalents as well as other receivables. The carrying amounts of the financial assets generally reflect the maximum default risk.

Most of the cash and cash equivalents are denominated in euros, with a smaller amount denominated in US dollars, and have been invested essentially with banks belonging to the German Deposit Insurance Fund and/or the deposit assurance fund of the German Savings Banks Organisation. But WILEX monitors the positions held and the respective bank's credit rating on an ongoing basis nonetheless. No such risks were identifiable at the reporting date.

There is no interest rate risk in the company's view because its cash and cash equivalents were invested exclusively in demand deposits as of the reporting date.

The Company is exposed to a liquidity risk given both its business model and the still insufficient cash flows from the marketing of its own products. WILEX employs a rolling, monthly cash flow planning and age analysis in order to be able to recognise liquidity risks in due time. WILEX was able to meet its payment obligations at all times in the financial year just ended.

The trade receivables at the close of the financial year were attributable to business customers; they were invoiced as of the 30 November 2014 reporting date or immediately preceding it. No material trade receivables were past due as of the reporting date (see note 15). No bad debt allowances are necessary in the Executive Management Board's view because WILEX does not expect any default risks to arise.

WILEX is also exposed to a market risk, e. g. from changes in interest rates, and a currency risk from the euro's exchange rate vis-à-vis other currencies. This exchange rate risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable. WILEX reviews the need for foreign currency hedges on an ongoing basis during the year but does not engage in any hedging. Instead, WILEX aims to pay liabilities in foreign currencies using existing bank balances in the respective currency in order to keep the risk of exchange rate fluctuations as low as possible. Translated into the respective currency, as of 30 November 2014 foreign currency risks concerning trade receivables were € 0.6 k in USD and € 0.3 k in RUB.

Any increase or decrease in the euro by 10% compared to the given foreign currency would have had the following effect on earnings and equity in the financial year just ended:

	Increase in € '000	**Decrease** in € '000
Euro vs. Russian rouble (RUB)	0.0	(0.0)
Euro vs. US dollar (USD)	0.1	(0.1)

A portion of WILEX's sales revenue is affected by the given USD/EUR foreign exchange rate. Both the up-front payments and the milestone payments are one-off cash transactions that are translated at the reporting date exchange rate and recognised as income or accrued. There are ongoing foreign currency risks in respect of the revenue from the cost reimbursements for services largely rendered in euros but passed on in US dollars. In the 2014 financial year, € 907 k (previous year: € 11,171 k) of all revenue was generated in USD. Accordingly, an increase by 10% in the average exchange rate applied (i.e. the USD appreciates vis-à-vis the euro) would have boosted sales revenue by € 82 k. Conversely, a decrease by 10% in the average foreign exchange rate (i.e. the USD weakens vis-à-vis the euro) would have lowered revenue by € 101 k.

The resulting cash and cash equivalents in USD are therefore exposed to foreign currency risks. WILEX monitors the USD exchange rate throughout the year in order to intervene as necessary by selling or buying foreign currencies without, however, hedging such transactions by means of derivative financial instruments. Cash and cash equivalents in USD as of the 30 November 2014 reporting date were € 48 k (30 November 2013: € 1,048 k).

Given the contractually fixed interest rates and short maturities, potential market-driven interest rate fluctuations do not have material effects on the financial assets and liabilities.

Non-derivative financial liabilities in the form of trade payables must be classified as current. As a rule, trade payables are due within one month.

22 Sales revenue

Sales revenue in the financial year just ended totalled € 3,597 k (previous year: € 13,317 k).

	2014 in € '000	2013 in € '000
Sales revenue from the sale of goods	0	166
Sales revenue from the provision of services	1,744	1,731
Sales revenue from royalties	1,853	11,420
Sales revenue	**3,597**	**13,317**

Sales revenue from royalties comprises final payments from UCB as well as initial payments from Link Health Co., Guangzhou, China, (Link Health) and RedHill Biopharma Ltd., Tel Aviv, Israel, (RedHill) for the out-licensing of MESUPRON®. Sales revenue from the provision of services is generated by HDP's business.

23 Other income

Other income comprises the following items:

	2014 in € '000	2013 in € '000
Other grants	274	741
Income from exchange rate differences	29	245
Income from the sale of WILEX Inc.	0	3,884
Income from subletting	57	0
Reversal of accrued liabilities / other	1,053	920
Other income	**1,413**	**5,790**

The Federal Ministry of Education and Research (BMBF) has been promoting the Rhine-Neckar region – a biotech hub – as a leading-edge cluster for "Cell-based & Molecular Medicine in the Rhine-Neckar Metropolitan Area" and the Munich site as a leading-edge cluster "m^4 Personalised Medicine and Targeted Therapies". The income item "other grants", which is attributable to the Customer Specific Research (Cx) and Therapeutics (Rx) segments, stems from these public funds.

Income from exchange rate differences – especially from the EUR/USD translation – was also generated in the 2014 financial year. Income from subletting at the Munich site was generated for the first time.

Other income additionally includes € 488 k (previous year: € 772 k) from a reversal through profit and loss of accrued liabilities and provisions, as well as first-time income from the sale of furniture and fixtures (€ 96 k) and from the measurement of receivables (€ 209 k).

24 Types of expenses

The statement of comprehensive income breaks down operating expenses into the following categories:

- Production
- Research and development
- Administration
- Other

Operating expenses including depreciation, amortisation and impairment losses fell by 56% to € 10,586 k in 2014 (previous year: € 24,070 k). This can be attributed to the discontinuation of clinical research activities at WILEX AG and to savings in the wake of the restructuring.

Operating expenses	**2014** **in € '000**	**2013**[1)] **€ '000**
Cost of sales	1,355	3,678
Research and development costs	5,572	12,427
Administrative costs	3,177	4,244
Other expenses	482	3,721
Total	**10,586**	**24,070**

[1)] WILEX Inc. consolidated until 06.09.2013

Cost of sales concerns costs directly related to revenues of the respective product candidates and services. At € 1,355 k, the costs of sales were 63% lower than in the previous year (€ 3,678 k) and represent 13% of total costs.

Research and development (R&D) costs, which were € 12,427 k the previous year, fell by 55% to € 5,572 k. R&D costs account for 53% of all costs.

Administrative costs were € 3,177 k, down 25% on the prior-year level (€ 4,244 k); they represent 30% of operating expenses.

Other expenses amounted to € 482 k (previous year: € 3,721 k), 87% lower than the prior-year figure and accounting for 4% of total costs.

The following expenses are recognised in the statement of comprehensive income:

	2014 in € '000	**2013** in € '000
Staff costs	4,696	9,651
Travel costs	175	298
Rental expenses	883	2,314
Laboratory and other internal costs	1,827	2,188
External Research and development costs	1,210	4,047
Legal and consulting costs	841	1,797
Depreciation, amortisation and impairment losses	489	1,716
Other expenses	464	2,059
Total	**10,586**	**24,070**

Staff costs dropped substantially year on year. This was due to expenses for restructuring recognised in the previous year which were not incurred in the current financial year. As compared with the previous year, rental expenses and the significant provision for potentially vacant space recognised at that time also decreased sharply. Laboratory and other internal costs include expenses for inventories of € 90 k (previous year: € 1,011 k). External research and development costs comprise the cost of purchased services, especially from service providers in the area of clinical development. They fell year-on-year due to the discontinuation of research and development efforts at WILEX AG.

Legal and consulting costs decreased despite the numerous efforts in connection with restructuring, funding, business development and sales. The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting

costs related to business development and administration, costs related to industrial property rights and patents and costs related to the development of ongoing research and development activities.

Depreciation, amortisation and impairment losses fell sharply year-on-year after the extensive impairment losses recognised in the previous year in connection with the gradual wind-up of clinical development activities at the Munich site.

The expenses contained in the statement of comprehensive income include € 1,355 k in costs of sales (previous year: € 3,678 k).

25 Staff costs

Staff costs are comprised as follows:

	2014 in € '000	2013 in € '000
Wages and salaries	3,604	7,271
Social security	646	1,027
Bonuses	299	904
Expense from the granting of stock options	27	69
Other staff costs	120	380
Total staff costs	**4,696**	**9,651**

The wages and salaries item includes expenses for restructuring measures of € 30 k (previous year: € 543 k).

In the comparative periods, WILEX employed the following number of staff on average:

	2014	2013[1)]
Administration	18	22
Manufacturing, service and distribution	19	30
Research and development	34	58
Average number of employees[2)]	**71**	**110**

[1)] Employees of WILEX Inc. were only included until 6 September
[2)] Including the Executive Management Board

Due to the restructuring measures initiated at the end of January 2014, the average headcount in the 2014 financial year was considerably lower than in the preceding year and will decrease again significantly in 2015.

The granting of stock options in accordance with IFRS 2 “Share-based Payments” resulted in lower staff costs of € 27 k in 2014 (previous year: € 69 k).

The capital reduction in a ratio of 4:1 in the financial year 2014 should be noted in the context of the stock option plans described below (see note 17). As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan). At the same time, after the capital reduction in a ratio of 4:1, the exercise prices have quadrupled from those prior to the corporate action. Contingent capital (the maximum issuing volume) is not affected by the capital reduction and is therefore unchanged by this action.

The following is a breakdown of stock option plan measurement in the reporting year:

2005 Stock Option Plan (2005 SOP)

Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Grant date	30/12/2005	31/01/2006	28/02/2006	28/04/2006	30/09/2006	30/09/2007	31/10/2007	30/09/2010
Options outstanding at the beginning of the reporting period	318.388	167.343	85.078	3.040	148.635	27.000	152.000	67.699
Options granted during the reporting period	0	0	0	0	0	0	0	0
Options forfeited (returned) during the reporting period	0	0	0	0	0	1.800	0	7.705
Options exercised during the reporting period	0	0	0	0	0	0	0	0
Options expired during the reporting period	0	0	0	0	0	0	0	0
Options outstanding at the end of the reporting period	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
Options exercisable as of 30/11/2014	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

The options defined as vested in the table above cannot be exercised until the next exercise window, according to the option terms. At that point, they can be exercised provided that WILEX AG's share price then is still 10% higher than the relevant reference price. All outstanding options issued under the Stock Option Plan 2005 can now be exercised theoretically because the waiting period has expired and the options have vested.

The fair value of stock options has been calculated on the basis of a binominal model. The fair values are illustrated in the following. Settlement is carried out in equity securities.

	Issue date	Expected term	Share price on issue date €	Total term	Exercise price (on issue date) €	Volatility	Risk-free interest rate	Option value (rounded) €
Tranche 1	30/12/2005	24 months	6,90	10 years	5,52	42,54%	2,86%	2,42
Tranche 2	31/01/2006	24 months	6,90	10 years	5,52	40,40%	2,97%	2,36
Tranche 3	28/02/2006	25 months	6,90	10 years	5,52	41,69%	3,06%	2,44
Tranche 4	28/04/2006	24 months	6,90	10 years	5,52	40,61%	3,44%	2,40
Tranche 5	30/09/2006	24 months	6,90	10 years	5,52	43,25%	3,56%	2,48
Tranche 6	30/09/2007	24 - 48 months	9,84	10 years	9,73	45.3% - 47.4%	4.06% - 4.15%	2.92 - 4.08
Tranche 7	31/10/2007	24 - 47 months	9,02	10 years	9,62	47.4% - 50.1%	4.06% - 4.08%	2.55 - 3.57
Tranche 8	30/09/2010	24 - 48 months	4,70	10 years	4,34	61.7% - 72.0%	0.72% - 1.20%	1.96 - 2.33

An expected dividend yield of 0% was assumed for all eight tranches as of the measurement date. The stock options had the following maximum terms as of the reporting date:

	Issue date	30/11/2014	30/11/2013
Tranche 1	30/12/2005	1,08	2,08
Tranche 2	31/01/2006	1,17	2,17
Tranche 3	28/02/2006	1,24	2,24
Tranche 4	28/04/2006	1,41	2,41
Tranche 5	30/09/2006	1,83	2,83
Tranche 6	30/09/2007	2,83	3,83
Tranche 7	31/10/2007	2,92	3,92
Tranche 8	30/09/2010	5,83	6,83

WILEX incurred the following costs in 2014 under the 2005 Stock Option Plan:

	2014 € '000	2013 € '000
Expenses for the period from 2005 stock option plan	4	12

Taking into account the capital reduction described above, now four of these stock options entitle the holder to the acquisition of one new share in return for payment of the exercise price, which was € 12.40 as of the balance sheet date (and thus also on average).

In the meanwhile, the authorisation to grant stock options from the 2005 SOP expired. New options can now only be issued from the new plan described below.

2011 Stock Option Plan (2011 SOP)

The Annual General Meeting resolved on 18 May 2011 to authorise WILEX AG to issue a total of 809,488 stock options as part of the 2011 Stock Option Plan to employees of WILEX AG and its affiliates.

Taking into account the capital reduction at a ratio of 4:1 described above, now four stock options entitle the holder to the acquisition of one no par value bearer share of WILEX AG. The first time the stock options can be exercised is after a lock-up period of four years from the respective issuing date. The stock options can only be exercised if WILEX's share price during the ten trading days preceding the start of the relevant exercise period ("reference price") exceeds the exercise price by at least 20% (absolute performance target). Furthermore, it must be noted that the options can only be exercised as long as the reference price exceeds the exercise price at least by the ratio by which the TecDAX on the last trading day prior to the relevant exercise period exceeds the TecDAX on the issuing date (relative performance target). The payout amount per employee for the exercised stock options continues to be limited to three times the annual gross remuneration (including all benefits subject to income tax, such as company cars, etc.) that the beneficiary received from the Company or its affiliates in the twelve months preceding the exercise date (cap agreement).

The stock options granted under the 2011 SOP developed as follows in the financial year just ended:

	Tranche 1
Grant date	30/03/2012
Options outstanding at the beginning of the reporting period	216,888
Options granted during the reporting period	0
Options forfeited (returned) during the reporting period	31,278
Options exercised during the reporting period	0
Options expired during the reporting period	0
Options outstanding at the end of the reporting period	185,610
Options exercisable as of 30/11/2014	0
Maximum term	10 years

The 2011 SOP was classified and measured as an equity-settled share-based payment. The fair value of the capital reserves to be recognised as a liability due to the stock option plan was calculated based on a Monte Carlo model. In the financial year just ended, there was no change to the plan, and it was not revoked.

WILEX incurred the following costs in 2014 under the 2011 Stock Option Plan:

	2014 € '000	2013 € '000
Expenses for the period from 2011 stock option plan	23	57

Measurement is based on the following parameters:

	Tranche 1
Measurement date	30/03/2012
Exercise price (uniform and therefore also average)	14.12 €
Price of the WILEX share as of the measurement date (before capital reduction)	3.82 €
Expected vesting period until the measurement date	4.81 years
Expected volatility of the WILEX share	57.83 %
Expected dividend yield of the WILEX share	0.00 %
Risk-free interest rate	0.61 %
Maximum vesting period	10 years

The expected volatility was calculated based on the historical volatility of the WILEX share over the past five years.

The fair value of the stock options granted in the 2012 financial year as part of the 2011 SOP amounted to € 2.13 per option as of the measurement date.

During the financial year just ended, no new stock options were granted to members of the Company's Executive Management Board, executives of affiliates and non-executive employees of the Company or affiliates.

A total of 40,783 options were returned because employees left the Company. As a result, WILEX issued a total of 1,431,931 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 1,145,288 options (814,835 for current or former Executive Management Board members and 330,453 for current or former employees) were outstanding and 1,079,602 had vested as of the end of the reporting period. No stock options have been exercised to date.

26 Net currency gains/losses

WILEX posted a currency gain of € 29 k and a currency loss of € 21 k in the 2014 financial year, which resulted in a net currency gain of € 8 k (previous year: € 76 k).

27 Financial result

	2014 in € '000	2013 € '000
Interest income from bank accounts/Other	87	83
Finance income	**87**	**83**
Interest expense from leasing and current liabilities to banks	(1)	(10)
Interest expense from shareholder loans and others	(117)	(150)
Finance costs	**(118)**	**(160)**
Financial result	**(31)**	**(77)**

The year-on-year improvement of the financial result is due to the lower interest expense for the outstanding shareholder loan from UCB and for liabilities to banks.

28 Income taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the financial year ended, with the exception of € 93 k in foreign withholding tax and a VAT item from prior periods. Neither expenses nor income from deferred taxes were included in tax expenses in 2013 and 2014.

Deferred tax assets or liabilities were determined using the tax rates in effect in each case. A composite tax rate of 32.98% (previous year: 32.98%) was applied to the parent company, WILEX AG, which is comprised of a corporation tax rate of 15% (previous year: 15%), solidarity surcharge of 5.5 % (previous year: 5.5%) and municipal trade tax of 17.15% (previous year: 17.15%).

A tax rate of 28.43% (unchanged from the previous year) was applied to the subsidiary Heidelberg Pharma.

The reported current tax expense deviates from the expected tax income. The nominal tax rate of 32.98% (previous year: 32.98%) must be applied to income in accordance with IFRS. Reconciliation of the differences is shown in the following table.

	2014 in € '000	2013 in € '000
Earnings before tax	(5,608)	(5,040)
Tax rate	32.98%	32.98%
Expected tax income	**1,849**	**1,662**
Deferred taxes on losses for the period not qualifying for recognition	(1,603)	(1,620)
Change in non-recognised temporary differences	(55)	(15)
Non-deductible operating expenses/Other	(99)	(27)
Reported tax expense	93	0

The existing deferred tax assets and deferred tax liabilities as of 30 November are attributable as follows:

	2014 € '000	2013 € '000
Deferred tax assets		
Intangible assets	0	72
Other current assets	21	32
Other non-current assets	332	291
Different carrying amount of the equity investment	109	109
Recognised tax loss carryforwards	847	799
Other provisions	3	0
	1,313	**1,303**
Deferred tax liabilities		
Intangible assets	748	752
Property, plant and equipment	136	205
Other non-current assets	207	108
Other liabilities / provisions	204	204
Other	18	34
	1,313	**1,303**
Deferred income taxes, net	**0**	**0**

As in the previous year, € 109 k of the deferred tax assets resulted from outside basis differences in respect of different measurements of the equity investment.

Applying IAS 12.74, deferred tax assets and liabilities have been offset, since they exist vis-à-vis the same taxation authority and arise in the same periods. Deferred tax assets on loss carryforwards are recognised only in an amount that corresponds to the amount in which deferred tax liabilities offset such deferred tax assets.

As further losses can be expected in the foreseeable future, no deferred tax assets were recognised regarding the following:

	2014 € '000	2013 € '000
Loss carryforwards		
for corporation tax	216,569	213,329
for trade tax	213,742	210,244
Deductible temporary differences	**0**	**0**
Loss carryforwards	**2,860**	**2,880**

The tax loss carryforwards shown are mainly attributable to WILEX AG (corporation tax loss carryforward of € 168,235 k; municipal trade tax loss carryforward of € 165,407 k) and may be carried forward indefinitely. Other tax loss carryforwards concern the subsidiary Heidelberg Pharma. Heidelberg Pharma has € 48,334 k in losses carried forward for corporation tax and municipal trade tax purposes. Deferred tax assets (amounting to € 847 k) were recognised in the financial year just ended for € 2,860 k in tax loss carryforwards.

Note the following in regards to the tax loss carryforwards available to WILEX AG and Heidelberg Pharma: The deduction of existing losses carried forward is excluded if the company carrying forward these losses loses its tax identity. In accordance with Section 8 (4) German Corporation Tax Act (version applicable until the end of 2007), a company is deemed to have lost its tax identity if the two following criteria are met cumulatively: (i) more than 50 % of the shares in the company have been transferred and (ii) the company

continues or relaunches its operations mainly with new assets. The legal limit on deductibility of operating losses applies to corporation tax and municipal trade tax.

In the past financial year, the Company was subject to its first tax audit for the period from 2008 to 2010. As a result, a final determination was made that the loss carryforwards accrued by 31 December 2010 amounted to € 149.8 million (corporation tax) and € 147.3million (trade tax).

Effective 1 January 2008, under amended Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carryforwards whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act, the capital increases carried out after 2010 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards.

In 2011, WILEX AG acquired 100% of the shares in Heidelberg Pharma, as a result of which the tax loss carryforwards of € 40,286 k accumulated by Heidelberg Pharma up to the acquisition date are at risk. The only thing that is not in doubt is that the tax loss carryforwards corresponding to the undisclosed reserves transferred may be retained. The undisclosed reserves result from the difference between the transaction price under German tax law and the equity of Heidelberg Pharma under German tax law; they amount to € 12,808 k.

A purchase price allocation carried out in connection with this transaction resulted in the identification of intangible assets and goodwill. The deferred tax liabilities determined in connection with the valuation amounted to € 800 k; they were offset in the same amount by deferred tax assets from tax loss carryforwards taken over. As of 30 November 2014, deferred taxes on these amounted to € 745 k (previous year: € 752 k); the Company continues to make use of the option to offset deferred taxes in accordance with IAS 12.74.

29 Earnings per share

29.1 Basic

Basic earnings per share are calculated by dividing the net profit for the year available to shareholders by the average number of shares issued during the financial year.

	2014	2013
Net loss for the year attributable to equity providers (in € '000)	(5,701)	(5,040)
Average number of shares issued (in thousands)	7,819	7,819
Basic and diluted earnings per share (in € per share)	(0.73)	(0.64)

In principle, it should be noted that due to the capital reduction conducted during the year (see note 17), the number of shares used for this calculation was adjusted for all reporting periods in accordance with IAS 33.64. The basic earnings are calculated using a uniform quantity of 7,818,876 shares. This figure was determined by consolidating the number of

shares by a ratio of 4:1 and thus reducing the number of outstanding no par value shares by 23,456,628 to 7,818,876 shares. Prior to this, the Company's share capital had been reduced by three shares from 31,275,507 to 31,275,504 to obtain an even reduction ratio for the ordinary capital reduction.

Where reference is made to the shares outstanding as of the reporting date, the basic earnings per share as of 30 November 2014 remain at € -0.73 per share despite the reduced number of shares issued in accordance with IAS 33.64 (based on 7,818,876 shares). In the previous year, the basic earnings per share would therefore have amounted to € -0.64 based on a total of 7,818,876 shares because the number of shares did not change in the 2013 financial year.

29.2 Diluted

The basic and diluted earnings per share of WILEX are calculated based on the same number of shares in accordance with IAS 33.47 because the average market price of WILEX shares during the entire period, i.e. even after the capital reduction, fell below the exercise price of the stock options.

30 Leases, guarantees and obligations

30.1 Finance leases

Laboratory equipment was purchased in prior periods by means of finance leases with terms of 36 months in each case subject to capitalisation and depreciation of the purchase cost in property, plant and equipment (see note 9). Interest paid, which was shown to be € 10 k in the statement of comprehensive income for the previous year under “Finance costs”, was no longer incurred in 2014. A total of € 9 k in security deposits were made available for leases (previous year: € 20 k). There was no new acquisition in the reporting period.

The net carrying amount of all assets acquired under finance leases as of the reporting date was € 99 k (previous year: € 148 k). These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. Whilst price adjustment clauses were not stipulated, there is the option to purchase the leased equipment once the given lease expires.

WILEX will incur the following minimum obligations in the next reporting periods under finance leases:

Obligation under finance leases (laboratory equipment) as of	**up to 1 year** in € ‘000	**1-5 years** in € ‘000	**after 5 years** in € ‘000	**Total** in € ‘000
30/11/2014	77	0	0	**77**
30/11/2013	91	25	0	**116**
Discounting effect				
30/11/2014	0	0	0	**0**
30/11/2013	0	4	0	**4**
Present value of minimum lease payments				
30/11/2014	77	0	0	**77**
30/11/2013	91	21		**112**

The interest rates applicable to the liabilities from finance leases were determined on the date the lease was signed in each case and range from 7.0% to 8.5%. The current lease liabilities correspond to the respective present values; non-current lease liabilities were discounted last year.

30.2 Operating leases, guarantees and obligations

WILEX has also leased laboratory and office equipment under operating leases, which will expire at different times until 2016. All of the parent company's office and laboratory premises used at present are rented under leases expiring at the end of December 2016. The leases for the premises of the subsidiary Heidelberg Pharma may be terminated on short notice. The cost of office and laboratory equipment as well as office and laboratory premises under the operating leases are reported as other expenses in the statement of comprehensive income, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	**in € '000**
2014	689
2013	1,136

The decrease in expenses is due to the sale of WILEX Inc. in September 2013 year. WILEX has pledged bank accounts with a balance of € 148 k as deposit for the landlord. No other guarantees exist.

The future minimum annual payments under tenancy agreements and leases are comprised as follows:

Obligations as of 30/11/2014	**up to 1 year**	**1-5 years**	**more than 5 years**	**Total**
	in € '000	in € '000	in € '000	in € '000
Rental obligations for laboratory and office premises	653	688	0	1,340
Obligations under operating leases (laboratory and other office equipment, vehicles)	15	4	0	20
	668	**692**	**0**	**1,360**

Below are the previous year's figures:

Obligations as of 30/11/2013	**up to 1 year**	**1-5 years**	**more than 5 years**	Total
	in € '000	in € '000	in € '000	in € '000
Rental obligations for laboratory and office premises	648	1,330	0	1,978
Obligations under operating leases (laboratory and other office equipment, vehicles)	31	13	0	44
	679	**1,343**	**0**	**2,022**

These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. No price adjustment clauses were stipulated, and there is no obligation to purchase the leased equipment once the given lease expires.

There is a contingent liability in that WILEX may have the obligation under the existing lease to return the laboratory to its original condition if the lessor so desires at the end of the lease. But WILEX does not believe in the likelihood of such an outcome.

In the past financial year, WILEX entered into agreements with two companies to sub-let office and laboratory space left unused due to workforce redundancies. This generated € 57 k. WILEX can also expect minimum payments of € 51 k from sub-leases that can be terminated.

31 Corporate bodies and remuneration

31.1 Executive Management Board

The Executive Management Board members of WILEX AG in the reporting period were:

- Dr Jan Schmidt-Brand, Chief Financial Officer and Spokesman of the Executive Management Board (from 1 April 2014)
- Dr Paul Bevan, Head of Research and Development
- Professor Olaf G. Wilhelm, Chairman of the Executive Management Board (until 31 March 2014)
- Dr Thomas Borcholte, Chief Business Officer (until 31 December 2013)

The director's contracts of Dr Thomas Borcholte and Professor Olaf G. Wilhelm expired on 31 December 2013 and 31 March 2014, respectively, and were not renewed.

In parallel to his work as a member of the Executive Management Board, Dr Jan Schmidt-Brand acts as the Managing Director of Heidelberg Pharma, a position he has held since 2004. Furthermore, Dr Schmidt-Brand was Chief Financial Officer during the entire financial year and was appointed Spokesman of the Executive Management Board of WILEX AG effective 1 April 2014. In the interests of transparency, the remuneration of Dr Schmidt-Brand is presented in full, which means that the amounts that he has earned as Managing Director of the subsidiary Heidelberg Pharma are also listed below.

31.2 Supervisory Board

The Supervisory Board members of WILEX AG as of 30 November 2014 were:

- Professor Christof Hettich, lawyer and partner, RITTERSHAUS Rechtsanwälte, and Managing Director, dievini Hopp BioTech holding GmbH & Co. KG (Chairman of the Supervisory Board)
- Dr Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board)
- Dr Friedrich von Bohlen und Halbach, Managing Director, dievini Hopp BioTech holding GmbH & Co. KG
- Professor Iris Löw-Friedrich, Chief Medical Officer and Executive Vice President Development, UCB S.A.
- Andreas R. Krebs, Managing Partner, CologneInvest GmbH
- Dr Birgit Kudlek, Chief Operating Officer & Chief Development Officer AENOVA Holding GmbH

31.2.1 Supervisory Board committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee deals with employment issues and with the remuneration of the members of the Executive Management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. Professor Christof Hettich is the Chairman; Andreas R. Krebs is a member of this committee.

A Research and Development Committee tasked with issues related to WILEX's oncological product candidates was established in September 2010. This committee is chaired by Dr Friedrich von Bohlen and Halbach; Professor Iris Löw-Friedrich, Andreas R. Krebs and Dr Birgit Kudlek are additional members.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr Georg F. Baur. Its further members are Dr Friedrich von Bohlen und Halbach and Dr Birgit Kudlek.

31.2.2 Other appointments of the Supervisory Board members

In addition to being a member of the Supervisory Board of WILEX AG, Professor Christof Hettich is also the Chairman or a member of the following bodies:

Company	**Position**
Agennix AG i.L., Heidelberg	Chairman of the Supervisory Board
InterComponentWare AG, Walldorf	Chairman of the Supervisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Chairman of the Advisory Board
febit Holding GmbH, Heidelberg	Chairman of the Advisory Board
febit Inc., Massachusetts, USA	Non-executive Chairman of the Board of Directors
immatics biotechnologies GmbH, Tübingen	Vice Chairman of the Advisory Board
SRH Holding SdbR, Heidelberg	Chairman of the Supervisory Board
Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter Pharma-Fertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg	Member of the Advisory Boards
AC Immune SA, Lausanne (Switzerland)	Member of the Board of Directors
CureVac GmbH, Tübingen	Member of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Georg F. Baur is also the Chairman or a member of the following bodies:

Company	**Position**
Franz Haniel & Cie. GmbH, Duisburg	Vice Chairman of the Supervisory Board
Hussel GmbH, Hagen	Chairman of the Supervisory Board
J.F. Müller & Sohn AG, Hamburg	Chairman of the Supervisory Board
TAKKO Fashion GmbH, Telgte	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Friedrich von Bohlen und Halbach is also the Chairman or a member of the following bodies:

Company	Position
Apogenix GmbH, Heidelberg	Chairman of the Advisory Board
Cosmo S.p.A., Milan, Italy	Non-executive member of the Board of Directors
CureVac GmbH, Tübingen	Chairman of the Advisory Board
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
febit Holding GmbH, Heidelberg	Member of the Advisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Molecular Health AG, Basel, Switzerland	Chairman of the Board of Directors
SYGNIS AG, Heidelberg	Member of the Supervisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Andreas R. Krebs is also the Chairman or a member of the following bodies:

Company	Position
Max Planck Institut, Münster	Member of the Board of Trustees
Paul-Ehrlich-Stiftung, Frankfurt am Main	Member of the Board of Trustees
Merz GmbH & Co. KGaA, Frankfurt am Main	Chairman of the Supervisory Board and the Shareholders' Council
Merz KGaA, Frankfurt am Main	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Professor Iris Löw-Friedrich is also the Chairwoman or a member of the following bodies:

Company	Position
Evotec AG, Hamburg	Member of the Supervisory Board

Dr Birgit Kudlek is neither the Chairwoman nor a member of other control bodies as defined by Section 125 (1) sentence 5 German Stock Corporation Act.

The members of the company's Supervisory Board were not active in any other control bodies at the reporting date above and beyond the activities described in the foregoing.

31.3 Remuneration of corporate bodies

A detailed description of the remuneration model and the information on remuneration of each Executive Management Board and Supervisory Board member are included in the remuneration report, which is part of the combined management report. These disclosures were subject to the audit of the annual financial statements and consolidated financial statements. The remuneration report is included in chapter 6, "Corporate Governance", of the combined management report.

31.3.1 Executive Management Board

Remuneration consists of a salary (fixed remuneration), other benefits (non-cash remuneration), a variable remuneration component and a stock option programme with a long-term incentive and a risk element.

The members of the Executive Management Board received total remuneration of € 723 k (previous year: € 1,278 k) in the financial year 2014, € 476 k (previous year: € 950 k) of which was fixed remuneration, € 135 k (previous year: € 310 k) was variable remuneration and € 112 k (previous year: € 18 k) was paid in the form of other benefits or non-cash remuneration.

For information on the remuneration component of the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 financial year. As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan).

At the same time, following the 4:1 capital reduction, the exercise prices and reference prices quadrupled compared with the situation prior to the measure.

The serving Executive Management Board members (Dr Schmidt-Brand and Dr Bevan) received a total of 243,180 stock options as of 30 November 2014 (30 November 2013: 691,950) from this stock option programme with a long-term incentive and a risk element. The cumulative fair value of all stock options granted to the Executive Management Board was € 529 k as of the end of the reporting period (previous year: € 1,664 k). The expenses for the current members of the Executive Management Board incurred in connection with the share-based remuneration in the financial year just ended totalled € 21 k (previous year: € 27 k). The comparison figures for the previous financial year refer to the previous Executive Management Board with four members.

31.3.2 Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed remuneration for each full financial year of service on the Supervisory Board. Members of a Supervisory Board committee are paid a flat fee per financial year and committee. The Supervisory Board members do not receive variable remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

In the 2014 financial year, the members of the Supervisory Board were paid remuneration of € 215 k (previous year: € 146 k) without reimbursement of travel expenses.

32 Related party transactions

Balances and transactions between the Company and its subsidiaries which are related parties were eliminated in consolidation and are not outlined in this note. Details concerning transactions between the Group and other related parties are listed below.

32.1 Shares held by the Management Board and the Supervisory Board

As of 30 November 2014, the Executive Management Board held 30,097 shares (representing 0.38% of the company's share capital of 7,818,876 shares). The Supervisory Board for its part held 39,506 shares directly and 2,494,089 shares indirectly (representing

31.90% of the company's share capital). Chapter 6.2.3, Shares held by the Supervisory Board and the Executive Management Board, contains a disclosure of the shareholdings of the individual Board members.

32.2 Directors' dealings

In the 2014 financial year, WILEX AG's executives reported no transactions (Directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz). As a rule, reportable transactions are published on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Directors' Dealings".

32.3 Other transactions

- In 1999, WILEX granted a pension commitment to Professor Olaf G. Wilhelm as part of a deferred benefit. WILEX assumes that no additional payments to the plan will be necessary. No retirements are expected in the next five years either.

  Furthermore, Heidelberg Pharma granted Dr Schmidt-Brand a pension commitment in 2012 in his capacity as an executive of the Company for which matching reinsurance was arranged.

- WILEX signed a loan agreement for up to € 10 million with its two main shareholders, dievini and UCB, on 17 December 2010 subject to subordination and payable in two instalments. The share of dievini in this loan was € 7.5 million, and that of UCB € 2.5million. The interest was 6% annually. During the cash/non-cash capital increase in August 2012, the loan by shareholder dievini was converted into new shares as part of a contribution in kind with the existing repayment claim, including interest.

  WILEX announced on 18 September 2014 that the shareholder UCB had waived its claim for repayment of the shareholder loan to WILEX AG in the amount of € 2.5 million as well as interest of € 100 k accrued in 2014. In connection with the contractual termination of the development partnership, this waiver was agreed for the transfer to UCB of the product candidates (an MEK and a PI3K inhibitor as well as three early-stage antibody programmes) including all received rights thereto, development data and documentation as well as intellectual property. After the transfers were completed, the declaration of the waiver with effective date 30 August 2014 was mutually signed and accepted.

  As a result, the loan from UCB no longer exists as of the 30 November 2014 reporting date.

- Since 2005, WILEX has issued a total of 1,006,515 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 112,000), of which 814,835 options were outstanding after returns following employees leaving the Company (2005 Plan: 729,335; 2011 Plan: 85,500).

  As of the end of the reporting period, 785,085 of these options are vested (2005 Plan: 729,335; 2011 Plan: 55,750). No stock options have been exercised to date.

- The Rittershaus law firm provided legal consulting services for WILEX AG and Heidelberg Pharma of approximately € 18 k in the reporting period. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

No other relationships to related parties exist.

32.4 Expenses for the auditors

Deloitte & Touche Wirtschaftsprüfungsgesellschaft was appointed the auditor of the company's consolidated financial statements at its Annual General Meeting on 23 May 2014. The following fees for services were recorded as expenses in the periods reviewed:

	2014 € '000	2013 € '000
Auditing services	70	95
Other verification services	0	7
Expenses for auditors	**70**	**102**

Audit fees (€ 70 k) solely concern the statutory audit of the consolidated financial statements pursuant to IFRS and the audit of the annual financial statements pursuant to HGB.

33 Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act

The Declaration of Conformity to be submitted annually in accordance with Section 161 of the German Stock Corporation Act was submitted by the Executive Management Board and the Supervisory Board in February 2015. It has been made permanently available to all shareholders and interested parties on the company's website (www.wilex.com).

34 Events after the reporting period

34.1 PSMA-ADC grant

In early January 2015, WILEX announced that the subsidiary Heidelberg Pharma will receive a research grant to continue the development of PSMA antibody drug conjugates for the treatment of prostate cancer. The new research project estimated at € 1.8 million will run for 30 months and receive grants from the Federal Ministry of Education and Research (BMBF) totalling € 0.9 million.

The funds will be used to further develop PSMA antibody targeted amanitin conjugates (ATACs). The preclinical project covers the humanisation and de-immunisation of the selected anti-PSMA antibody which will be coupled via several linker combinations to α-Amanitin based on Heidelberg Pharma's patented technology. These human anti-PSMA amanitin conjugates will be tested preclinically for safety, tolerability and efficacy. PSMA is overexpressed in prostate cancer specifically and is an attractive target for an ADC approach, as it shows very low expression in normal tissues and sufficient internalisation after antibody binding.

34.2 Grant from MAGICBULLET training network

At the end of February 2015, WILEX announced that the subsidiary Heidelberg Pharma will receive a research grant from the European Union as part of the European Training Network (ETN) MAGICBULLET. The European Union supports promising research projects within the Horizon 2020 Framework Programme for Research and Innovation and has granted ETN MAGICBULLET a total of € 3.75 million for the period from 2015 to 2018 for the development of new chemistry-driven concepts for anti-tumour therapies.

Heidelberg Pharma is part of the ETN MAGICBULLET consortium which consists of seven academic research groups from Germany, Italy, Hungary and Finland, and two pharmaceutical companies (Heidelberg Pharma and Exiris in Italy). The aim of the

consortium is to develop and validate an array of new peptide-drug conjugates combining tumour-specific peptides with potent cytotoxic drugs. Heidelberg Pharma's task is to identify, modify and validate tumour-specific peptide-drug conjugates based on its expertise in linker technology as well as to investigate the biological activity in vitro and in vivo.

34.3 Rights issue supported by main shareholder dievini

On 18 March 2015, the Executive Management Board resolved, with the approval of the Supervisory Board, to increase the Company's share capital using authorised capital from € 7,818,876.00 by up to € 1,486,732.00 to up to € 9,305,608.00 by issuing up to 1,486,732 new no-par value shares with a pro-rata interest in capital of € 1.00 each and full entitlement to dividends effective 1 December 2014 in return for cash contributions.

The new shares will be offered exclusively to existing shareholders at a 21:4 ratio by means of an indirect subscription right by Baader Bank AG, Unterschleissheim. Hence, shareholders will be entitled to subscribe for 4 new shares for each 21 existing shares held. One of the existing shareholders has undertaken to waive its subscription rights with respect to 13,533 shares in order to ensure an even subscription ratio. The subscription period will begin on 20 March 2015 and will end on 7 April 2015 at 3:00 pm. The subscription price is fixed at € 2.80. There will be no organised trading in subscription rights.

Any new shares not subscribed for as a result of the offer may be purchased by shareholders only – also at the subscription price – as part of an additional subscription for shares. Binding offers for such additional subscriptions must be submitted within the subscription period. The main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany, has agreed to exercise its subscription rights and take over shares as part of an additional subscription, if applicable. To ensure cash reach until at least until the end of the second quarter of 2016, dievini had made a commitment to provide the Company with up to EU€ 5 million.

WILEX AG plans to use the expected gross proceeds from the rights issue of € 4.16 million to finance the further development of the ADC technology in particular the GMP transfer of the drug production as well as to enhance its equity. This financing secures acash reach until at least the end of the second quarter of 2016 based on Group-wide financial and liquidity planning.

The new shares are to be admitted to trading in the regulated market on the Frankfurt Stock Exchange (Prime Standard) without the publication of an offering prospectus. The new WILEX shares are due to be included in the existing listing on the Frankfurt Stock Exchange on 13 April 2015.

After the end of the reporting period, no other significant events occurred which have a direct influence on the business performance of the WILEX Group.

Munich, 19 March 2015

Executive Management Board of WILEX AG

Dr Jan Schmidt-Brand
Spokesman and CFO

Dr Paul Bevan
Head of Research and Development

The following auditors' report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the consolidated financial statements of Wilex AG as of and for the financial year ended 30 November 2014 and the combined management report. The combined management report is not included in this Prospectus.

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Wilex AG, Munich, comprising the balance sheet, statement of comprehensive income, notes, cash flow statement and statement of changes in equity, together with the Group management report, which was combined with the management report, for the financial year from 1 December 2013 to 30 November 2014. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315 (1) HGB (Handelsgesetzbuch: German Commercial Code) are the responsibility of the Company‘s Executive Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB (Handelsgesetzbuch "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the parent company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Wilex AG, Munich, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group‘s position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in section "7 Risk Report", subsections "Going-concern risks”, "Financial risk" and "Overall assessment of the risk situation” of the Group management report. Therein it is disclosed that the continued existence of the Wilex Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH, the realisation of value from the development candidates of Wilex AG and the completion of the restructuring measures as scheduled. Should the planning assumptions made prove to be incorrect in terms of amount or timing and/or should Wilex be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the Wilex Group as a going concern would be jeopardised.

Mannheim/Germany, 23 March 2015

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Buhleier
Wirtschaftsprüfer (German Public Auditor)

Schmidt
Wirtschaftsprüfer (German Public Auditor)

EXCERPT FROM THE ANNUAL REPORT 2014 TO WHICH THE AUDITOR'S OPINION IS REFERRING TO

The audit opinion concerning the consolidated financial statements (IFRS) as of and for the fiscal year 30 November 2014 contains the following explanatory paragraph:

"Without qualifying this opinion we refer to the discussion in section "7 Risk Report", subsections "Going-concern risks", "Financial risk" and "Overall assessment of the risk situation" of the Group management report. Therein it is disclosed that the continued existence of the Wilex Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH, the realisation of value from the development candidates of Wilex AG and the completion of the restructuring measures as scheduled. Should the planning assumptions made prove to be incorrect in terms of amount or timing and/or should Wilex be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the Wilex Group as a going concern would be jeopardised"

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 100 of the Company's annual report 2014):

"Going-concern risks

As of the 30 November 2014 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the second quarter of 2015. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

Thanks to the commitment given during financial statement preparation by its main shareholder dievini to provide the Company with cash and cash equivalents of up to € 5 million as equity or in quasi-equity form (see note 34.3), the way was paved for extending the Company's cash reach until at least the end of the second quarter of 2016, so that at the time the financial statements were being prepared it could be assumed that the Company would continue as a going concern at least for the next twelve months.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements on a going-concern basis in accordance with IAS1.25.

The cash is being used to further develop WILEX's business activities with a focus on the innovative ADC technology by subsidiary Heidelberg Pharma GmbH. As its sales revenue from customer-specific research (Cx) rises, the subsidiary is expected to make a positive contribution to earnings. Ideally, the research agreements already concluded in the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ADC product candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

For the remaining projects, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach. WILEX AG is also working hard on subletting or reletting parts of its rented premises in Munich, which would generate further savings. This will enable WILEX to substantially reduce its operating expenses for 2015 and 2016 and extend its cash reach.

If the Executive Management Board were unable to implement the measures described above, or if there were no opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable after the second quarter of the 2016 financial year to satisfy their payment obligations and/or become overindebted as a result of its subsidiary HDP missing budget targets, for instance. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital."

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 56 of the Company's annual report 2014):

"Financing risks

The WILEX Group's funding requirements have been drastically reduced as a consequence of the restructuring programme and discontinuation of advanced development activities, but no substantial inflows of funds have been generated to date from sales revenue or licence payments that would have eliminated the risk of the Company's inability to continue as a going concern. For this reason, in March 2015, its main shareholder dievini made a commitment to the Company to provide cash of up to € 5 million as equity or in quasi-equity form. This commitment secures the Company's cash reach until at least the end of the second quarter of 2016 based on current financial and liquidity planning, including Heidelberg Pharma.

There is a risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flows will not be sufficient to ensure financing of the business activities planned beyond the second quarter of 2016. Without additional financing, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised after that.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ADC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ADC technology and the service business and find additional cooperation partners is a key pillar of the business model. This is because the success of such partnerships depends not only on upfront payments and milestone payments by licensing and cooperation partners, but also on the ability of these partners to achieve successes in clinical development and also to generate the projected sales revenue and any resulting licence fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, it cannot be ruled out that Heidelberg Pharma may not be able to meet its payment obligations. It cannot be ruled out that the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases – to avoid insolvency because its business has been generating deficits so far. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, in spite of the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and additional licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2014 reads as follows (page 60 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC candidates and the clinical projects of WILEX AG be out-licensed further, the risks discernible from a present-day perspective and the danger to the Company's and

the Group's continued existence as a going concern woud be substantially reduced. From the perspective of the Executive Management Board, the Phase III product candidates are suitable for successful out-licensing due to medical need and their advanced clinical development stage and market potential. If development were successful, this would result in WILEX receiving licence fees.

Were WILEX unable to implement the measures described in the section "Going-concern risks", we cannot preclude that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardising the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern".

THE COMPANY'S AUDITED UNCONSOLIDATED ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH* (*HGB*)) AS OF AND FOR THE FISCAL YEAR ENDED 30 NOVEMBER 2016 AND AUDIT OPINION

WILEX AG, Munich

Balance Sheet 30 November 2016 (German GAAP HGB)

Assets

in EUR	30 November 2016	30 November 2015
A. Fixed Assets		
I. Intangible fixed assets		
Software	0.00	316.00
II. Tangible fixed assets		
Other equipment, operating and office equipment	11,804.00	26,819.00
III. Long-term financial assets		
Shares in affiliated companies	13,262,000.00	13,262,000.00
	13,273,804.00	**13,289,135.00**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	0.00	7,639.12
2. Receivables from affiliated companies	17,604,924.94	11,312,674.94
3. Other assets	54,778.90	58,436.75
II. Cash and cash equivalents	4,137,550.86	1,071,466.21
	21,797,254.70	**12,450,217.02**
C. Prepaid expenses	**41,888.03**	**22,451.25**
	35,112,946.73	**25,761,803.27**

Liabilities and shareholders' equity

in EUR	30 November 2016	30 November 2015
A. Equity		
I. Subscribed capital	12,927,564.00	9,305,608.00
(Conditional capital EUR 2,142,903; previous year: EUR 2,142,903)		
II. Capital reserves	200,493,582.28	197,466,525.24
III. Accumulated loss	(183,172,796.68)	(182,708,149.84)
	30,248,349.60	**24,063,983.40**
B. Provisions		
1. Provisions for pensions and similar obligations	7,130.00	5,210.00
2. Other provisions	976,556.65	1,551,993.06
	983,686.65	**1,557,203.06**
C. Liabilities		
1. Trade payables	115,739.93	93,773.79
thereof due within less than one year		
EUR 115,739.93 ; previous year EUR 93,773.79		
2. Liabilities to affiliates	3,748,028.33	0.00
thereof due within less than one year		
EUR 3,748,028.33 ; previous year EUR 0.00		
3. Other liabilities	17,142.22	46,843.02
thereof due within less than one year		
EUR 17,142.22 ; previous year EUR 46,843.02		
of which taxes		
EUR 17,142.22 ; previous year EUR 46,843.02		
	3,880,910.48	**140,616.81**
	35,112,946.73	**25,761,803.27**

WILEX AG, Munich

Income Statement 1 Dezember 2015 to 30 November 2016 (German GAAP HGB)

in EUR	Fiscal Year 2016	Fiscal Year 2015
1. Revenue	93,630.38	374,521.51
2. Other operating income	578,848.77	1,391,094.49
3. Personnel expenses		
a) Wages and salaries	(685,125.28)	(929,306.75)
b) Social security, pension costs and other employee benefits thereof pension costs (EUR 2 k; previous year EUR 5 k)	(54,531.16)	(63,418.70)
4. Depreciation, amortization and write-downs of intangible fixed assets and tangible assets	(14,305.00)	(34,700.27)
5. Other operating expenses	(1,098,896.16)	(2,465,770.43)
6. Operating result	**(1,180,378.45)**	**(1,727,580.15)**
7. Other interests and similar income	743,410.75	490,299.02
8. Interest payable and similar expenses	(18,040.18)	(0.40)
9. Net interest income	**725,370.57**	**490,298.62**
10. Write-downs of long-term financial assets and securities	0.00	(3,067,817.89)
11. Result of ordinary activities	**(455,007.88)**	**(4,305,099.42)**
12. Taxes on income	(9,638.96)	(38,062.21)
13. Net loss for the year	**(464,646.84)**	**(4,343,161.63)**
14. Loss brought forward from previous year	(182,708,149.84)	(178,364,988.21)
15. Accumulated loss	**(183,172,796.68)**	**(182,708,149.84)**

WILEX AG, Munich

Statement of changes in fixed assets (German GAAP HGB)

in EUR	Cost				Accumulated depreciation and amortization				Carrying amount	
	30 November 2015	Addition	Disposal	30 November 2016	30 November 2015	Addition	Disposal	30 November 2016	30 November 2015	30 November 2016
A. Fixes assets										
I. Intangible fixed assets										
1. Software	190,521.32	0.00	58,707.39	131,813.93	190,205.32	282.00	58,673.39	131,813.93	316.00	0.00
2. Licenses	1,471,098.63	0.00	0.00	1,471,098.63	1,471,098.63	0.00	0.00	1,471,098.63	0.00	0.00
	1,661,619.95	**0.00**	**58,707.39**	**1,602,912.56**	**1,661,303.95**	**282.00**	**58,673.39**	**1,602,912.56**	**316.00**	**0.00**
II. Tangible fixed assets										
Other equipment, operating and office equipment	701,822.14	0.00	228,645.74	473,176.40	675,003.14	14,023.00	227,653.74	461,372.40	26,819.00	11,804.00
	701,822.14	**0.00**	**228,645.74**	**473,176.40**	**675,003.14**	**14,023.00**	**227,653.74**	**461,372.40**	**26,819.00**	**11,804.00**
III. Long-term financial assets										
1. Shares in affiliated companies	19,200,000.00	0.00	0.00	19,200,000.00	5,938,000.00	0.00	0.00	5,938,000.00	13,262,000.00	13,262,000.00
2. Long-term securities	1,709,074.85	0.00	162,210.58	1,546,864.27	1,709,074.85	0.00	162,210.58	1,546,864.27	0.00	0.00
	20,909,074.85	**0.00**	**162,210.58**	**20,746,864.27**	**7,647,074.85**	**0.00**	**162,210.58**	**7,484,864.27**	**13,262,000.00**	**13,262,000.00**
	23,272,516.94	**0.00**	**449,563.71**	**22,822,953.23**	**9,983,381.94**	**14,305.00**	**448,537.71**	**9,549,149.23**	**13,289,135.00**	**13,273,804.00**

Notes to the Annual Financial Statements according to the German Commercial Code (HGB) of WILEX AG, Munich,
for the fiscal year from 1 December 2015 to 30 November 2016

1. Introduction

The Company's legal form was changed into a stock corporation based on a resolution adopted by the shareholders' meeting on 14 December 2000, which was amended on 28 February 2001. Since 13 November 2006, WILEX shares have been listed in the Regulated Market/Prime Standard of the Frankfurt/Main stock exchange.

The Company is a large corporation as defined in Section 267 (3) sentence 2 of the German Commercial Code (HGB). The annual financial statements for the 2016 fiscal year have therefore been prepared in accordance with the provisions applicable to large corporations as defined by Section 267 (3) of the HGB.

The reporting currency is the euro (EUR). Differences may result from commercial rounding of exact figures.

The reporting period begins on 1 December 2015 and ends on 30 November 2016. It is referred to hereafter as the "2016 fiscal year" ("2015 fiscal year" for the previous period).

The income statement has been structured using the nature of expense method.

Equity investment

On 3 November 2010, WILEX had signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG, Ladenburg, Germany (hereafter also referred to as "HDP") regarding the contribution of all shares in HDP to WILEX AG in return for WILEX shares. Following the Extraordinary General Meeting's approval on 15 December 2010 and the recording of the capital increase in the Commercial Register on 17 March 2011, WILEX AG had acquired all of the shares in HDP by way of a non-cash capital increase in return for 3,200,000 new WILEX shares subject to the exclusion of shareholders' subscription rights. The cost of EUR19.20 m for acquiring 100% of the shares in HDP was equivalent to a price of EUR 6.00 per newly issued WILEX share, which was a premium of around 25% on the share's closing price on 1 November 2010. This corresponded to a conversion ratio of 5.75:1 in relation to the enterprise values of WILEX AG and HDP.

Upon recording in the Commercial Register on 17 March 2011 ("acquisition date"), HDP became a wholly-owned subsidiary of WILEX AG and thus an integral part of the WILEX Group.

Heidelberg Pharma completed the change in its legal form from an AG (German stock corporation) to a GmbH (German limited liability company) as of 1 December 2011.

Like that of WILEX AG, the fiscal year of HDP runs from 1 December of a given year to 30 November of the following year.

Because WILEX AG wholly owns its subsidiary HDP, it is the latter's controlling shareholder and thus must fully consolidate it pursuant to IAS 27 in the Group's consolidated financial statements. In accordance with Section 285, no. 14 of the HGB, WILEX AG is the parent company that prepares the consolidated financial statements of the WILEX Group for both the largest and smallest group of consolidated companies.

Pursuant to Section 315a (1) of the HGB in conjunction with Section 291 of the HGB, the consolidated financial statements prepared and published in accordance with IFRSs exempt the Company from preparing consolidated financial statements in accordance with the HGB. The consolidated financial statements have been filed at the premises of WILEX AG at Grillparzerstrasse 18, 81675 Munich, Germany.

Course of business in 2016

The realignment of the WILEX Group resulting from the restructuring measures carried out in 2015 was completed fully in the past year.

R&D activities are focused on the operations of Heidelberg Pharma, which primarily refines and markets the antibody drug conjugates (ADC technology) and offers preclinical services. Specifically, HDP works on a proprietary platform technology for Antibody Targeted Amanitin Conjugates (ATAC technology) with the aim of making the highly effective compound Amanitin usable in various cancer treatments.

As of the end of the fiscal year, a core team of five employees (including a directly assigned Executive Management Board member) was working at the Company's offices in Munich on key activities in the areas of Group strategy, finance, data management, investor relations and legal issues, contract management and patents. In terms of staffing numbers, another Executive Management Board member of WILEX AG has been assigned to the HDP subsidiary. Discussions on the marketing of the RENCAREX® clinical antibody program are also continuing. In contrast, the worldwide out-licensing of MESUPRON® to RedHill Biopharma Ltd., Tel Aviv, Israel (RedHill) and LinkHealth Co., Guangzhou, China (Link Health) was already successfully implemented in 2014. This deal generated a milestone payment of EUR 100 k during the year. After local taxes and other local levies, the payment received and revenue realized totaled EUR 94 k.

After the end of the fiscal year, WILEX and Australian biopharmaceutical company Telix Pharmaceuticals Limited ("Telix") announced on 16 January 2017 that they signed a worldwide license agreement for the development and commercialization of the imaging agent REDECTANE®, a radiolabeled form of the monoclonal antibody Girentuximab.

During the reporting period, three capital increases were carried out on 11 December 2015 and 27 April 2016. As of the balance sheet date, the share capital amounts to EUR 12,927,564.00. In all three capital increases, the subscription price of the shares amounted to EUR 1.84 for all shareholders. The gross issue proceeds totaled EUR 6.7 m (see note 2d).

In addition, WILEX signed a loan agreement subject to subordination in the amount of EUR 3.7 m with its main shareholder, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf ("dievini") on 11 October 2016. The amount of the loan granted by dievini corresponds to the remaining amount of the financing commitment from November 2015 of EUR 10 m.

In the past fiscal year, other intensive efforts to obtain additional financing and/or arrange out-licensing and cooperation agreements have not yet been successful.

After the end of the fiscal year, the main shareholder dievini made a commitment to the Company in February 2017 to provide cash of up to EUR 10 m. The details of the financing will be decided by the Executive Management Board and the Supervisory Board of WILEX AG with dievini at a later date. This commitment and the cash on hand secure a cash reach until at least the end of the second quarter of 2018 based on Group-wide financial and liquidity planning, and therefore the Company's continued financial existence.

The cash on hand and incoming cash from the financing commitment are earmarked for maintaining WILEX AG's business activities with a focus on further developing the ADC technology of subsidiary Heidelberg Pharma GmbH.

2. Accounting policies

WILEX AG's annual financial statements were prepared based on the financial reporting framework of the German Commercial Code (HGB) and the applicable provisions of the German Stock Corporation Act (Aktiengesetz - AktG).

In view of the financing commitment by main shareholder dievini in February 2017, the financial statements were prepared under the assumption that the Company would continue as a going concern.

In accordance with Section 252 (1) No. 6 of the HGB, the accounting policies used in the previous annual financial statements were applied without change.

a) General accounting policies

BALANCE SHEET:

Intangible fixed assets and tangible fixed assets were measured at cost, less depreciation, amortization and write-downs, observing Section 253 (5) of the HGB. The straight-line method was used for depreciation and amortization, taking the probable useful lives of the assets into account.

Software:	3 years
Other office equipment	3 to 23 years

Effective 1 January 2008 and in application of the new rules at that time on accounting for low-value assets, additions costing between EUR 150 and EUR 1,000 were recognized in a pooled item in the statement of changes in fixed assets and written down over five years using the straight-line method. This approach was used in 2016 as well.

The equity investment in HDP is classified as **shares in affiliated companies** under **long-term financial assets**. The equity investment was initially measured at cost. If impairment is expected to be permanent, write-downs to the lower fair value as of the reporting date are recognized. The asset is also carried at fair value if the impairment is temporary. Section 253 (5) of the HGB has been observed.

Impairment testing, and therefore the calculation of the fair value of the equity investment, is based on a model that makes assumptions in respect of company planning and uses the present value of the cash flow calculated in this way to determine the enterprise value. Mid-term planning comprises a detailed five-year plan for the period from 2017 to 2021 (preclinical and early clinical stages). This is followed by a second, longer-term 17-year planning phase from 2022 to 2038 (clinical phase III, approval and market launch) that is based on model assumptions and continues the first planning phase.

Allowing for the risks and opportunities arising from the business activities, the weighted average cost of capital (after tax) used for the impairment test was 10.9%. Furthermore, an effective tax rate of 28.43% was determined.

All told, the Company expects sustainable positive cash flow starting with the market phase in 2026. In the preceding phase, the model projects cumulative discounted cash flows after taxes of EUR -10.8 m. During the phase after 2026, the model projects cumulative discounted cash flows after taxes of EUR 25.2 m.

Planning is based on sustainable annual sales revenue of around EUR 1.0 m from the service business of HDP, with continuous growth of 1.0% being expected from 2020 to 2038. For the 20-year period after 2038, a terminal value of EUR 63 k was taken into account for the service business.

In 1999, WILEX granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014, as part of a deferred benefit of EUR 15 k.

As in previous years, the asset value of the reinsurance policy for pension obligations was offset against pension obligations and reported as a net item because the conditions in Section 246 (2) sentence 2 of the HGB were fulfilled. In 2000, the acquisition cost of the plan assets was EUR 15 k. As of the balance sheet date, the pension obligations exceeded the fair value of the reinsurance policy. Accordingly, a net obligation of EUR 7 k was reported under pension provisions.

An actuarial report was prepared to measure the pension obligations with the following results as of 30 November 2016:

Calculation was based on the following biometric parameters:

- Parameters: Heubeck RT2005G
- Valuation method: PUC method
- Actuarial interest rate: 4.03%

Effects on the 2016 income statement:

- Interest income, increase in pension liability insurance: EUR 1 k
- Interest expense, addition to pension obligation: EUR 3 k

Net expenses, income statement **EUR 2 k**

Effects on the 2016 balance sheet:

- Asset value (fair value), pension liability insurance: EUR 30 k
- Settlement amount, pension obligation as of reporting date: EUR 37 k

Net obligation, pension provision **EUR 7 k**

In the previous year, the fair value of the reinsurance policy assets amounted to EUR 29 k, and the pension obligation totaled EUR 34 k.

Receivables and other assets were recognized at their nominal values. Receivables and other assets are written down when their market price is lower, or their fair value falls below the nominal value. Specific valuation allowances are recognized for discernible default risks associated with receivables.

A loan by WILEX AG to subsidiary HDP is accounted for along with the resulting interest receivables in **receivables from affiliates**. This loan is unsecured and was extended without time limitation to finance the relevant business activities. It carries an annual interest rate of 6.00% (see note 6a).

Other assets mainly comprise VAT claims recognized at their nominal value.

Cash and bank balances are measured at their nominal value.

Prepaid expenses include prepayments to service providers and insurance companies.

Provisions for pensions and similar obligations arose as a result of the aforementioned difference between the asset value of the reinsurance policy and the value of the pension obligations. The net amount of EUR 7 k (previous year: EUR 5 k) is shown under pension provisions.

Sufficient allowance is made for all discernible risks when measuring **other provisions**. They are recognized at what is considered the necessary settlement amount based on reasonable commercial judgment. A provision for the event the Company were held liable for a rent guarantee is still included in this item.

Liabilities are carried at their nominal value or the higher settlement amount.

The shareholder loan made available to WILEX by its main shareholder dievini as part of the loan agreement dated 11 October 2016 along with the interest liabilities (EUR 3,748 k; previous year: EUR 0 k) are classified as **liabilities to affiliates**. The unsecured loan is not limited in time and carries annual interest of 6%. Any loan repayment claim of Dievini Hopp BioTech holding GmbH & Co. KG is subordinate in rank to the receivables of any WILEX AG creditor.

INCOME STATEMENT:

Sales revenue comprises upfront and/or milestone payments from partnerships.

Other operating income includes all income from ordinary business activities not classified under sales revenue or financial income.

Personnel expenses comprise all benefits paid to employees and the Executive Management Board.

Depreciation, amortization and write-downs include depreciation of tangible fixed assets, amortization of intangible fixed assets and, to a lesser extent, extraordinary write-downs. Depreciation and amortization are recognized using the straight-line method.

Items classified as **other operating expenses** are expensed when the goods or services are received or at the time they arise, and comprise all administrative costs and remaining relevant research and development expenses.

Net interest income comprises interest income from the granting of a loan to the subsidiary HDP and interest expenses in connection with the shareholder loan that dievini granted to WILEX AG. Interest income/expense are recognized on an accrual basis.

Write-downs of long-term financial assets are used to recognize financial assets at the lower fair value in the case of temporary or permanent impairment.

Taxes on income were due in the form of foreign withholding tax.

b) Currency translation

Transactions settled in currencies other than the euro are recognized for the first time at the foreign exchange rate prevailing on the transaction date.

Assets and liabilities denominated in foreign currencies with a remaining term of no more than one year are subsequently carried at the average spot exchange rate on the balance sheet date. Assets with a term of more than one year are measured at cost or the lower average spot exchange rate on the reporting date. Liabilities with a term of more than one year are measured at cost or the higher average spot exchange rate on the reporting date.

c) Deferred taxes

While there are options for the recognition of deferred tax assets, deferred tax liabilities must be recognized. However, it is possible to report a net amount, which is what WILEX AG does. Surplus tax assets are therefore not reported.

Deferred tax assets or liabilities were determined using the tax rates in effect in each case. A composite tax rate of 32.98% (previous year: 32.98%) was applied to WILEX AG, which is comprised of a corporation tax rate of 15% (previous year: 15%), solidarity surcharge of 5.5% (previous year: 5.5%) and municipal trade tax of 17.15% (previous year: 17.15%).

d) Share capital after the capital increase

Following the capital increases implemented during the year, the share capital as of 30 November 2016 consisted of 12,927,564 (30 November 2015: 9,305,608) no par value bearer shares with a notional value of EUR 1.00 per share.

Three capital increases were implemented during the reporting period. The first two transactions were completed in December 2015 and entered in the Commercial Register on 11 December 2015.

Initially, the share capital was increased by 10% by way of a private placement excluding shareholders' subscription rights. Main shareholder dievini acquired all 930,560 new no par value bearer shares from authorized capital at an issue price of EUR 1.84, in a first step raising the share capital from EUR 9,305,608.00 to EUR 10,236,168.00.

A capital increase using authorized capital including subscription rights of all shareholders was subsequently implemented. WILEX shareholders acquired all 443,124 new shares by exercising their subscription and additional subscription rights at a subscription price of EUR 1.84 per share. dievini exercised all of its subscription rights and also subscribed shares as part of the additional

subscription. Accordingly, this second capital increase lifted the Company's share capital from EUR 10,236,168.00 to EUR 10,679,292.00.

In a third capital increase that was completed in April 2016 and entered in the Commercial Register on 27 April 2016, 2,248,272 shares were made available for subscription and additional subscription by means of a capital increase from authorized capital. A total of 1,074,845 new no par value bearer shares at a price of EUR 1.84 per share were subscribed by exercising subscription and additional subscription rights by the end of the subscription period on 22 April 2016. Thereby, shareholders exercised subscription rights for a total of 1,035,286 new shares. This meant that 1,212,986 new shares were available for additional subscription by shareholders, of which 39,559 new shares were allocated to the shareholders through their custodian banks in connection with the capital increase. The 1,173,427 new shares not subscribed by exercising subscription and additional subscription rights were taken up by dievini by way of a private placement at the same price of EUR 1.84. After the implementation of the capital increase was entered in the Commercial Register, the Company's share capital increased from EUR 10,679,292.00 to EUR 12,927,564.00.

The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserves" respectively.

3. Stock option plans

Up to and including the 2010 fiscal year, **stock options** were measured and recognized analogously to IFRS 2. According to IFRS 2, stock-based remuneration resulted in personnel expenses that were charged against capital reserves. In line with the prevailing opinion in the literature and as a result of court rulings on tax matters, these personnel expenses must no longer be recognized as operating expenses and have not been reported in the balance sheet or income statement since the 2011 fiscal year.

For information on the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 fiscal year. As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan). At the same time, after the capital reduction in a ratio of 4:1, the exercise prices have quadrupled from those prior to the corporate action. Contingent capital (the maximum issuing volume) is not affected by the capital reduction and is therefore unchanged by this action. The following stock option plans have been issued since the Company began doing business:

2005 Stock Option Plan

The Company's Annual General Meeting adopted a resolution on 8 September 2005 to launch a plan (2005 Stock Option Plan) for employees and Executive Management Board members of WILEX AG and create new "Contingent Capital II" of up to EUR 1,289,157.00. The number of

options was initially limited to 1,289,157 and has since been limited to 986,491 by way of a resolution of the 2011 Annual General Meeting.

The scope of the options granted to individual beneficiaries depended on factors including length of service and position at the Company. The options have a term of up to ten years from the grant date, and all options issued vest no later than four years from the grant date. Within this four-year period, stock options vest pro rata relative to the total number of stock options granted on the last calendar day of February as well as on 31 May, 31 August and 30 November of any given fiscal year following the option issue date.

The stock options can be exercised if (i) the Company's shares are traded on a German or international stock exchange (listed) and (ii) the average closing price of the Company's shares carrying the same rights exceeds the exercise price by a minimum of 10% during the preceding ten trading days on this German or international stock exchange prior to the expiry of the waiting period in accordance with Sections 4 (1) and (2) of these option terms or for ten consecutive trading days on this stock exchange at any time thereafter ("reference price"). However, if the stock options are issued prior to the first trading day, the effectiveness of the exercise of such stock options is contingent on (i) the listing of the Company's shares and (ii) the reference price (or, in the event of a change of control, the purchase price on a per share basis) exceeding by at least 10% the purchase price per share (lowest issue price plus premium under both German corporate law and contract law) obtained in connection with the Company's most recent capital increase preceding the issue date.

The exercise price for acquiring a share of the Company corresponds to (i) in the event of stock options issued prior to the first trading day, 80% of the purchase price per share (lowest issue price plus premium under both German corporate law and contract law) obtained in connection with the Company's most recent capital increase preceding the issue date or (ii) in the event of stock options issued on or after the first trading day, the arithmetic mean of closing prices for the Company's shares with the same rights on the last ten trading days on a German or international stock exchange where the Company's shares are traded prior to the issue date of the stock options (date of acceptance of the option offer from the Company by the beneficiary), no less, however, than the pro rata share capital attributable to one share.

The authorization by the Annual General Meeting to issue new stock options expired during fiscal year 2011. As a result, no new stock options could be issued to employees or Executive Management Board members from the 2005 Stock Option Plan in fiscal year 2016. No stock options were returned due to employees leaving the Company, but 722,484 expired without replacement. No stock options were exercised.

As a result, 237,194 options – 150,000 for existing or former members of the Executive Management Board and 87,194 for existing or former employees – were outstanding under the 2005 plan as of the end of the fiscal year.

2011 Stock Option Plan

On 18 May 2011 the Company's Annual General Meeting resolved the WILEX Stock Option Plan 2011. This resolution authorizes the Company to issue a total of up to 1,156,412 stock options, of which up to 346,924 stock options (approx. 30%) may be issued to members of the Company's Executive Management Board, up to 173,462 stock options (approx. 15%) to executives of affiliated companies, up to 346,924 stock options (approx. 30%) to employees of the Company and up to 289,102 stock options (approx. 25%) to employees of the Company's affiliates.

In the 2016 fiscal year, 415,227 new options were issued under the 2011 Stock Option Plan, including 252,000 to the Executive Management Board and 163,227 to employees of the Company and employees of affiliated companies.

During the past fiscal year, 722,484 options at the end of their term, including 579,335 held by former members of the Executive Management Board and 143,149 held by current and former employees. No options were returned due to beneficiaries leaving the Company during the year. No stock options were exercised.

This means that 598,437 options – 337,500 for existing or former members of the Executive Management Board and 260,937 for existing or former employees of WILEX AG and of affiliated companies – were outstanding under the 2011 plan as of the end of the fiscal year.

Overall, 835,631 options – 487,500 for existing or former members of the Executive Management Board and 348,131 for existing or former employees – were outstanding from both stock option plans as of 30 November 2016.

The table below provides an overview of the current situation regarding the stock option plans:

Number	2005 Stock Option Plan	2011 Stock Option Plan	Total
Conditional Capital 2015 [1]	*986,491*	*1,156,412*	*2,142,903*
Options outstanding as of 30 Nov. 2015	**959,678**	**183,210**	**1,142,888**
of which Executive Management Board [2 3]	*729,335*	*85,500*	*814,835*
of which employees	*230,343*	*97,710*	*328,053*
Newly issued in 2016	-	415,227	415,227
of which Executive Management Board [2 3]	-	*252,000*	*252,000*
of which employees [4]	-	*163,227*	*163,227*
Returned in 2016	-	-	-
of which Executive Management Board [2 3]	-	-	-
of which employees [4]	-	-	-
Exercised in 2016	-	-	-
of which Executive Management Board [2 3]	-	-	-
of which employees [4]	-	-	-
Expired in 2016	722,484	-	722,484
of which Executive Management Board [2 3]	*579,335*	-	*579,335*
of which employees [4]	*143,149*	-	*143,149*
Options outstanding as of 30 Nov. 2016	**237,194**	**598,437**	**835,631**
of which Executive Management Board [2 3]	*150,000*	*337,500*	*487,500*
of which employees [4]	*87,194*	*260,937*	*348,131*
Conditional Capital 2016 [3]	*986,491*	*1,156,412*	*2,142,903*

1 The Contingent Capital of the 2011 plan shown refers to the maximum amount, i.e. including the issuance to managing directors or employees of WILEX AG's subsidiary.
2 Including former members of the Executive Management Board
3 Dr. Schmidt-Brand is both a member of the Executive Management Board of WILEX AG and the Managing Director of HDP. The stock options granted to him as the Managing Director of HDP have been added in this overview.
4 Including employees of affiliated companies (subsidiary of WILEX AG).

Measurement of stock options

In line with the prevailing opinion in the literature and as a result of court rulings on tax matters, the stock options issued were measured at EUR 49 k without disclosure in the balance sheet or income statement. Stock options have been calculated on the basis of a binominal model. They are settled by way of equity instruments.

4. Balance sheet disclosures

The changes in **fixed assets** in the 2016 fiscal year follow from the attached statement of changes in fixed assets.

There are no longer any **intangible fixed assets** to report. In the previous year, these consisted entirely of purchased software (EUR 0.3 k).

Tangible fixed assets (EUR 12 k; previous year: EUR 27 k) now exclusively comprise operating and office equipment. As of the reporting date, WILEX AG no longer possessed any laboratory equipment or facilities because the remaining assets were sold during closure of the laboratory as part of restructuring at the Munich site.

Within **long-term financial assets**, the equity investment in HDP classified as shares in affiliated companies remained unchanged from the previous year at EUR 13,262 k (see note 1, equity investments and note 2a, balance sheet).

In fiscal year 2016, HDP generated a net loss for the year of EUR 5,939 k under the HGB. The Company's equity according to the HGB was reduced by accumulated losses as of the reporting date of 30 November 2016. This item amounts to a loss not covered by equity of EUR 16,513 k.

The equity investment of WILEX AG in HDP changed as follows during the reporting year:

Date of addition	Entity	Percentage of shares held	Carrying amount as of 30 November 2015	Addition	Disposal	Depreciation/ amortization	Carrying amount as of 30 November 2016
17 March 2011	Heidelberg Pharma GmbH Ladenburg, Germany	100%	EUR 13,262 k	-	-	-	EUR 13,262 k

An unsecured loan receivable with a nominal value of EUR 1,546 k (previous year: EUR 1,709 k) from Nuclea Inc. connected with the sale of shares in WILEX Inc. to Nuclea is included in **other loans** after the partial repayment of the loan at the start of the fiscal year. This amount was fully written off in the previous year due to the financial difficulties of the creditor.

There are no **trade receivable**s to report as of the reporting date. The trade receivables reported in the previous year (EUR 8 k) included receivables from a previous subletter and receivables from a collaboration partner. All of last year's trade receivables were due within less than one year.

Receivables from affiliated companies include loan and interest receivables from HDP. This subsidiary was granted an interest-bearing, unsecured and perpetual loan (current account or credit line) by its parent company WILEX AG in order to secure financing (see note 6a). Since WILEX might potentially call the loan in the short term, these receivables from affiliated companies are classified as short-term with a residual term of up to one year, as in the previous year. As of the reporting date, receivables from the affiliated company totaled EUR 17,605 k (including interest), compared to EUR 11,313 k (also including interest) in the previous year.

Other assets of EUR 55 k (previous year: EUR 58 k) comprised VAT receivables of EUR 49 k (previous year: EUR 52 k), corporation tax refund claims of EUR 1 k (previous year: EUR 1 k) and security deposits of EUR 5 k (previous year: EUR 5 k). With the exception of the security deposits, the components of this balance sheet item have a residual term of up to one year, as in the previous year. As in the previous year, the deposit provided has a term of one to five years.

As of the reporting date, **cash and bank balances** increased to EUR 4,138 k (previous year: EUR 1,071 k) due to inflows from capital increases.

Prepaid expenses (EUR 42 k; previous year: EUR 22 k) concern prepayments for service providers (EUR 32 k; previous year: EUR 11 k) and on insurance policies (EUR 10 k; previous year: EUR 11 k).

As of 30 November 2016 and after the capital increases implemented during the year, the **share capital** consisted of 12,927,564 no par value bearer shares with a notional value of EUR 1.00 per share (previous year: 9,305,608 no par value shares). As of the reporting date of 30 November 2016, the **capital reserves** amounted to EUR 200,494 k (previous year: EUR 197,467 k). The **losses accumulated** since the start of the Company's business activities in 1997 totaled EUR 183,173 k as of the end of the fiscal year, of which EUR 182,708 k was brought forward to new account from the previous fiscal year and EUR 465 k was included in the net loss for this fiscal year.

Pension provisions exist as a result of the defined benefit obligation exceeding the value of the cover assets in the form of a reinsurance policy. Accordingly, a net obligation of EUR 7 k (previous year: EUR 5 k) was reported under pension provisions.

Other provisions (EUR 977 k; previous year: EUR 1,552 k) were recognized for invoices outstanding (EUR 258 k; previous year: EUR 402 k), the Executive Management Board and employee bonus program (EUR 106 k, previous year: EUR 260 k), vacation entitlements (EUR 35 k; previous year: EUR 27 k), legal and consulting costs including patent costs (EUR 34 k; previous year: EUR 222 k), internal financial statement costs (EUR 50 k; previous year: EUR 57 k) and financial statement auditing costs (EUR 82 k; previous year: EUR 89 k). Archiving costs totaled EUR 4 k (previous year: EUR 11 k) and other items amounted to EUR 0 k (previous year: EUR 76 k). In fiscal year 2016, a provision of EUR 408 k set up in 2015 continued

to be recognized for the risk arising from the potential utilization of a lease guarantee to the lessor of the legal successor to former subsidiary WILEX Inc.

Trade payables (EUR 116 k; previous year: EUR 94 k) consist of compensation for services. As in the previous year, all liabilities have a residual term of up to one year.

The shareholder loan made available to WILEX by its main shareholder dievini as part of the loan agreement dated 11 October 2016 along with the interest liabilities (EUR 3,748 k; previous year: EUR 0 k) are classified as **liabilities to affiliates**. The liabilities to affiliates are due within one year.

Wage and church tax liabilities (EUR 17 k; previous year: EUR 11 k) are shown under **other liabilities** (EUR 17 k; previous year: EUR 47 k). In 2015, VAT liabilities (EUR 36 k) were also still being reported. As in the previous year, all such liabilities are due for payment within one year.

Deferred taxes resulted from temporary differences between the financial statements under the HGB and the tax accounts. The Company therefore calculates the net amount of deferred tax assets/liabilities.

A difference in the carrying amount of the investment in the subsidiary HDP acquired in 2011 in the financial statements under the HGB and the tax accounts led to deferred tax liabilities. There are also deferred tax assets from loss carryforwards which are considered to be recoverable in the amount of the deferred tax liabilities. As a result, no net deferred taxes are reported either in the balance sheet or the income statement.

WILEX AG's loss carryforwards may be carried forward without limitation. Note the following in regards to the tax loss carryforwards available to WILEX AG: The deduction of existing losses carried forward is excluded if the company carrying forward these losses loses its tax identity.

In the 2016 fiscal year, the Company was subject to a tax audit for the period from 2011 to 2014. Since the audit did not result in any changes in the tax base, the final determination was made that the loss carryforwards accrued by 31 December 2014 amounted to EUR 169.1 m (corporation tax) and EUR 166.1 m (trade tax). According to the 2015 tax notice, the corporation tax loss carryforward totaled EUR 173.1 m and the trade tax carryforward amounted to EUR 170.1 m as of 31 December 2015.

According to the tax calculation for 2016 and based on the 2015 tax notice, the corporation tax loss carryforward was EUR 173.5 m and the trade tax carryforward was EUR 170.5 m as of 31 December 2016.

Effective 1 January 2008, under amended Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carryforwards whilst the acquisition of more than 50% of the subscribed capital results in the

complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act (KStG), the capital increases implemented after 2014 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the elimination of some or all of the tax loss carryforwards.

5. Income statement disclosures

Sales revenue of EUR 94 k (previous year: EUR 375 k) originates from a milestone payment made by Link Health as part of the out-licensing of Mesupron.

Other operating income of EUR 579 k (previous year: EUR 1,391 k) includes income relating to other periods from the reversal of bonus provisions for Executive Management Board bonuses for 2014 and 2015 that were not paid out (EUR 41 k). Income of EUR 348 k relating to other periods was generated from the reversal of additional expense provisions, most of which were subject to limitation. In addition, income of EUR 162 k from the loan agreement with Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea) was recorded; this resulted from the sale of former subsidiary WILEX Inc. Other items contributed EUR 28 k to income.

In the previous year, income related to other periods totaling EUR 916 k stemming from the reversal of restructuring provisions, bonus provisions and the reversal through profit or loss of other items had been recognized.

Personnel expenses amounted to EUR 740 k in the past fiscal year, down again from the 2015 figure (EUR 993 k). This item comprises salaries (EUR 685 k; previous year: EUR 930 k) and social security contributions (EUR 55 k; previous year: EUR 63 k). It also includes pension expenses of EUR 2 k (previous year: EUR 5 k).

The **amortization of intangible fixed assets and depreciation of tangible fixed assets** item totaling EUR 14 k (previous year: EUR 35 k) consists of amortization of intangible fixed assets of EUR 0.3 k (previous year: EUR 13 k) and depreciation of tangible fixed assets of EUR 14 k (previous year: EUR 22 k).

Other operating expenses amounting to EUR 1,099 k (previous year: EUR 2,466 k) were incurred mostly for legal and consulting costs (EUR 292 k; previous year: EUR 675 k), general listing expenses (EUR 288 k; previous year: EUR 274 k) and other operating costs (EUR 90 k; previous year: EUR 195 k).

Expenses were also incurred for annual financial statement preparation and auditing (EUR 82 k; previous year: EUR 92 k), travel costs (EUR 26 k; previous year: EUR 62 k), Supervisory Board remuneration (EUR 197 k; previous year: EUR 196 k), insurance and contributions (EUR 19 k; previous year: EUR 26 k), office costs (EUR 54 k; previous year: EUR 450 k), laboratory and

chemical supplies (EUR 24 k; previous year: EUR 18 k) and preclinical research (EUR 27 k; previous year: EUR 17 k).

Furthermore, costs of completing clinical trials (EUR 3 k) and producing antibodies and small molecules (EUR 50 k) were also incurred during the past year, while EUR 408 k was also recognized for the risk arising from the potential utilization of a lease guarantee to the lessor of the legal successor to former subsidiary WILEX Inc.

Expenses resulting from foreign currency valuation amounted to EUR 6 k (previous year: EUR 2 k) and are integrated in the aforementioned tangible assets.

The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting costs related to business development, costs related to industrial property rights and patents and costs related to the termination of research and development activities.

All of the aforementioned items gave rise to an **operating result** of EUR -1,180 k (previous year: EUR -1,728 k).

Interest and similar income of EUR 743 k (previous year: EUR 490 k) resulted from interest income from the loan to affiliated company Heidelberg Pharma (EUR 742 k; previous year: EUR 487 k) and interest on cash and cash equivalents during the entire fiscal year (EUR 1 k; previous year: EUR 3 k).

Interest and similar expenses of EUR 18 k (previous year: EUR 0 k) were incurred due to the shareholder loan granted by affiliated company dievini on 11 October 2016. As a result, **net interest income** totaled EUR 725 k (previous year: EUR 490 k).

Write-downs of financial assets in the previous year included the full write-off of the receivables in respect of Nuclea relating to loan repayment (EUR 1,286 k) and other receivables (EUR 43 k). In the previous year, the likelihood of permanent impairment also led to a write-down in the amount of EUR 1,738 k on the carrying amount of the investment in HDP.

Adding the operating result and net interest income produced a **result from ordinary activities** of EUR -455 k (previous year: EUR -4,305 k).

Taxes on income (EUR 10 k; previous year: EUR 38 k) were incurred as foreign withholding tax on sales revenue generated during the year.

All of the aforementioned items resulted in a **net loss for the past fiscal year** of EUR 465 k (previous year: EUR 4,343 k).

6. Other disclosures

a) Leases, guarantees, contingent liabilities and financial obligations

WILEX has leased office equipment under operating leases, which will expire at different times until 2019. All of the office premises used at present are rented under indefinite leases that can be terminated by giving three months' notice as of the end of a month. The cost of office equipment under the operating leases as well as rent for the offices are reported as other expenses in the income statement, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	**in EUR k**
2016	55
2015	497

Guarantees do not exist.

The future minimum annual payments under tenancy agreements and leases are comprised as follows:

Obligations as of 30 November 2016	**up to 1 year** in EUR k	**1-5 years** in EUR k	**more than 5 years** in EUR k	**Total** in EUR k
Rent obligations for offices [1)]	33	0	0	33
Obligations under operating leases (office equipment and vehicles)	16	19	0	35
	49	**19**	**0**	**68**

[1)] Assuming that the leases for the offices have been terminated effective at the end of the year at the latest.

There are also royalty claims under licenses that are contingent on revenue and become due and payable once products are sold upon approval. However, in this case these would be offset by license income.

The letter of comfort in respect of the subsidiary HDP limited to the amount of EUR 10,200 k for the 2016 budget year was renewed on 30 January 2017 for a period running until 30 November 2017. A letter of comfort was issued for losses incurred by the subsidiary HDP in budget year 2017 and limited to the amount of EUR 9.4 m.

As of 30 November 2016, the Company had a contingent liability in the context of the 2013 sale of former subsidiary WILEX Inc. to Nuclea. The leasing of premises by the former subsidiary WILEX Inc. was originally based on a sub-lease between Siemens Corporation, New Jersey, USA, as landlord and WILEX Inc. as sub-letter. As part of the acquisition of WILEX Inc. (Oncogene Science), WILEX AG assumed a rental payment guarantee and a guarantee for payment of damages in case of default in respect of the landlord in 2010. As a result of the merger of WILEX Inc. into Nuclea Biotechnologies Inc. (Nuclea) on 6 November 2013, Nuclea

entered into the agreement as tenant. The monthly rent amounts to USD 56 k, or USD 673 k per year. The sub-lease was signed in 2010 for an initial period ending on 31 January 2016. The guarantee furnished by WILEX AG for WILEX Inc. in respect of the landlord remained in effect even after the merger of WILEX Inc. with Nuclea. On the basis of a separate agreement between Nuclea and Siemens Corporation, the lease was extended to 27 February 2019 without the involvement of WILEX AG. Currently, the tenant's rent payments are in arrears for a prolonged period up to 31 January 2016. In accordance with the principle of prudence, WILEX AG has recognized a provision for the liability from the rent guarantee in the amount of EUR 408 k, as it did in the previous year.

In addition, there is a possibility in the future that the agreement could result in WILEX AG being held liable in respect of the landlord for damages due to the default of the current tenant Nuclea and for rent in arrears from the period after 31 January 2016. Nuclea filed for insolvency during 2016, and Siemens has claimed payment of back rent and damages for the period up to July 2016 from WILEX in the total amount of USD 832 k (EUR 783 k). However, based on the opinion of its lawyers, WILEX believes that Siemens does not have grounds to assert legal claims against WILEX AG for payment of the rent in arrears after 1 February 2016 and damages due to default beyond 31 January 2016. Accordingly, the future existence of an obligation is not considered sufficiently likely for the amount of EUR 375 k for the Siemens claim exceeding the provision of EUR 408 k.

Intercompany loan between WILEX AG and HDP - Disclosure in accordance with Section 285 No. 3a of the HGB

HDP was also extended an unsecured, interest-bearing loan (current account/line of credit) for the purpose of securing its financing. After a supplement dated 30 January 2017 was added to the agreement, the loan with an unlimited term was limited to the amount of EUR 30,000 k. In the 2016 fiscal year, it was limited to EUR 23,000 k. The annual interest rate on the loan is 6.00%. As of 30 November 2016, EUR 15,740 k of the loan had been drawn down. In total, the interest receivable amounted to EUR 1,865 k as of the reporting date.

b) Employees

The Company had an average of five salaried employees during the year, all of whom worked in administration, The Company has also appointed to Executive Management Board members.

c) Auditors' fees

Information concerning the fee paid to the auditor of the annual and consolidated financial statements is available in the consolidated financial statements.

d) Corporate bodies and remuneration

Executive Management Board

The Executive Management Board members of WILEX AG in reporting period were:

Dr. Jan Schmidt-Brand, Chief Executive Officer and Chief Financial Officer

Professor Andreas Pahl, Chief Scientific Officer (from 2 June 2016)

Dr. Paul Bevan, Head of Research and Development (until 31 March 2016)

In parallel to his work as a member of the Executive Management Board, Dr. Jan Schmidt-Brand acts as the Managing Director of Heidelberg Pharma, a position he has held since 2004. In the interests of transparency, the remuneration of Dr. Schmidt-Brand is presented in full, which means that the amounts that he has earned as Managing Director of the subsidiary Heidelberg Pharma are also listed below.

For reasons of transparency, the total remuneration received by Professor Pahl from WILEX AG and the remuneration he received from HDP during the fiscal year are also presented here. This includes the remuneration he earned as scientific director of HDP in the period from 1 December 2015 to 1 June 2016 prior to his appointment to the Executive Management Board.

Remuneration of the Executive Management Board

The full Supervisory Board is responsible for determining the remuneration of the Executive Management Board in accordance with Section 107 (3) of the German Stock Corporation Act (AktG). Remuneration consists of a salary (fixed remuneration), other benefits (non-cash remuneration), a variable remuneration component and a stock option plan with a long-term incentive and risk element.

In the event of the termination of an Executive Management Board member’s service for WILEX, there is no contractual entitlement to a settlement.

Salary and benefits

The annual salary of members of the Executive Management Board is determined for the term of office and paid in equal amounts over twelve months. These salaries take into account the financial position of WILEX AG and the level of remuneration paid by competitors. Following the appointment of Professor Pahl to the Executive Management Board effective 2 June 2016, his salary as CSO was calculated proportionally in this month.

In addition to a salary, Dr. Schmidt-Brand receives the following benefits: Heidelberg Pharma makes payments into a defined-contribution, reinsured pension plan. The amount paid was EUR 10,567 in 2016 (previous year: EUR 10,567). Payments were also made into a pension

fund; an amount of EUR 2,688 (previous year: EUR 2,688) was expensed for this in the reporting period.

Prior to Professor Pahl's appointment to the Executive Management Board, EUR 738 was spent on a company pension plan for him that, as agreed, was financed by Heidelberg Pharma (EUR 1,476 for the entire previous year).

In addition, company cars were made available to Dr. Schmidt-Brand (from November 2016) and Professor Pahl (for the entire fiscal year, i.e., including prior to his appointment to the Executive Management Board). These benefits-in-kind totaled EUR 781 for Dr. Schmidt-Brand and EUR 10,140 for Professor Pahl.

After stepping down from the Executive Management Board of WILEX AG as planned, Dr. Bevan received remuneration of EUR 15 k for unissued stock options.

No further benefit obligations exist towards the members of the Executive Management Board.

Variable remuneration

Variable remuneration is contingent upon the achievement of personal targets and WILEX's performance targets. The performance-based remuneration of the members of the Company's Executive Management Board is primarily tied to the corporate goals of WILEX and refers to achieving defined milestones, securing additional funding through (e.g.) license agreements and share performance.

Dr. Schmidt-Brand receives a maximum annual bonus of EUR 80 k, of which he is entitled to receive a maximum of EUR 40 k for his work as a member of the Executive Management Board of WILEX AG and a maximum of EUR 40 k as Managing Director of Heidelberg Pharma. This represents 37% of his fixed salary (previous year: 37%). In the fiscal year now ended, Dr. Schmidt-Brand was paid a total bonus of EUR 100 k for the 2014 and 2015 fiscal years.

Professor Pahl's annual bonus is capped at EUR 75 k, or 45% of his fixed salary. Due to Professor Pahl's appointment to the Executive Management Board of WILEX AG during the year, his bonus as CSO was calculated proportionally.

Dr. Paul Bevan's annual bonus was capped at EUR 87 k or 63% of his fixed salary (part-time basis) (previous year: 63%). After Dr. Bevan retired from the Executive Management Board during the year, he was paid a total bonus of EUR 100 k for the 2014, 2015 and 2016 fiscal years. The bonus attributable to 2016 amounted to EUR 14 k.

In addition, up until the expiration of the authorization to grant options, the members of the Executive Management Board were entitled to stock options above and beyond their base salary as a component of their bonus, the granting of which depended on the achievement of milestones. For Dr. Schmidt-Brand and Dr. Bevan, this could have yielded a maximum of 8,000

stock options per year. However, no stock options were issued in the 2016 and 2015 fiscal years as a component of bonuses.

Remuneration component with incentive and risk features

This remuneration component is based on the 2011 Stock Option Plan adopted by the Annual General Meeting on 18 May 2011. Up to 346,924 stock options (30% of the total volume) may be granted to the members of the Executive Management Board thereunder. This authorization remained in effect until 1 July 2016. The stock options may only be exercised when they have vested after four year and the performance target has been achieved. In order for the performance target to be achieved, the price of WILEX's share on the ten trading days preceding the onset of the respective exercise period must exceed the exercise price by a minimum of 20% as well as surpass the gains of the TecDAX during the maturity of the given stock option. Taking into account the capital reduction executed in 2014 at a ratio of 1:4, four of these stock options now entitle the holder to the acquisition of one new share in return for payment of the exercise price of EUR 3.53. As a result, the conversion price for one share is EUR 3.53 x 4 = EUR 14.12. The reference price is EUR 3.53 + 20% = EUR 4.24. This does not affect this year's issue of Tranche 2 in June 2016 because it took place after the capital reduction. Here one stock option entitles the holder to the acquisition of one new share at an exercise price equal to the conversion price of EUR 1.89. The reference price is EUR 1.89 + 20% = EUR 2.27.

A total of 252,000 stock options were issued to members of the Executive Management Board in the past fiscal year. Of these, the Executive Management Board members Dr. Schmidt-Brand and Professor Pahl received 162,000 stock options and 90,000 stock options, respectively.

As of the 30 November 2016 reporting date, the active members of the Executive Management Board held 312,000 options under the 2011 Stock Option Plan (Dr. Schmidt Brandt 222,000 options, Professor Pahl 90,000 options). At the reporting date 30 November 2016, three former members of the Executive Management Board held a total of 25,500 options under this plan.

One former Executive Management Board member still holds 150,000 options under a previous plan (2005 Stock Option Plan).

Overall, the following fixed and variable remuneration components as well as non-cash remuneration for Executive Management Board members were recognized as an expense in the 2016 fiscal year; the variable remuneration has not yet been recognized as cash expenditure:

Executive Management Board member	**Fixed remuneration**		**Variable Vergütung1[1)]**		**Other remuneration (non-cash remuneration)**		**Total remuneration[1) 2) 3)]**	
in EUR	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Dr. Jan Schmidt-Brand [2)]	217,242	217,242	70,000	70,000	14,036	13,255	301,278	300,497
Professor Andreas Pahl [3)]	145,227	0	54,840	0	10,608	0	210,675	0
Dr. Paul Bevan [4) 5)]	46,083	138,250	14,286	65,464	15,000	0	75,369	203,714
Total	**408,552**	**355,492**	**139,126**	**135,464**	**39,644**	**13,255**	**587,322**	**504,211**

[1)] The exact variable remuneration is usually determined and paid in the following fiscal year. The figures shown here for the 2016 fiscal year are based on provisions that were determined on the basis of assumptions and historical data.

[2)] The total remuneration of Dr. Schmidt-Brand refers to the sum total of his remuneration for his work as Chief Executive Officer and Chief Financial Officer of WILEX AG and as Managing Director of Heidelberg Pharma GmbH. A portion of EUR 157 k of the total remuneration is attributable to his work as a member of the Executive Management Board of WILEX AG.

[3)] All of Professor Pahl's remuneration relates to the sum total for the full fiscal year, i.e. including the remuneration he received for the period in which he served as Chief Scientific Officer of Heidelberg Pharma prior to his appointment to the Executive Management Board of WILEX AG on 2 June 2016. A portion of EUR 116 k of the total remuneration is attributable to his work as a member of the Executive Management Board of WILEX AG.

[4)] Dr. Bevan left the Executive Management Board of WILEX AG effective at the end of 31 March 2016.

[5)] After the expiration of his director's contract, Dr. Bevan was available to the Company as an advisor in the 2016 fiscal year. In this capacity, he received remuneration of GBP 3 k.

The following overview shows the stock options held by members of the Executive Management Board during the year under review and changes in these holdings:

Executive Management Board member	**01.12.2015**	**Additions**	**Expiry / Return**	**Exercise**	**30 Nov. 2016**
	Number	Number	Number	Number	Number
Dr. Jan Schmidt-Brand	60,000	162,000	0	0	222,000
Professor Pahl	0	90,000	0	0	90,000
Dr. Paul Bevan	183,180	0	175,180	0	8,000
Total	**243,180**	**252,000**	**175,180**	**0**	**320,000**

No member of the Executive Management Board members of WILEX AG holds a position on a control body.

Supervisory Board

The Supervisory Board members of WILEX AG as of 30 November 2016 were:

- Professor Christof Hettich, lawyer and partner at RITTERSHAUS Rechtsanwälte Partnerschaftsgesellschaft mbB, Mannheim/Frankfurt am Main/Munich, Germany; Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany; and Chairman of the Management Board of SRH Holding SdbR, Heidelberg, Germany (Chairman of the Supervisory Board of WILEX AG)
- Dr. Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board of WILEX AG)
- Dr. Friedrich von Bohlen und Halbach, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany
- Dr. Birgit Kudlek, self-employed pharmaceutical manager
- Dr. Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany

Andreas R. Krebs, Managing Director & Partner of CologneInvest GmbH, Cologne, Germany, left the Supervisory Board of WILEX AG effective at the end of the Annual General Meeting on 13 May 2016.

Supervisory Board committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee deals with employment issues and with the remuneration of the members of the Executive Management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. Professor Hettich is the Chairman; Dr. Baur is a member of this committee.

A Research and Development Committee tasked with issues related to WILEX's oncological product candidates also exists. This committee is chaired by Dr. von Bohlen and Halbach; Dr. Birgit Kudlek is an additional member.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr. Baur. Its further members are Dr. von Bohlen und Halbach and Dr. Kudlek. Dr. von Bohlen and Halbach will step down from this committee as of the start of the new fiscal year; he will be succeeded by Dr. Hothum.

Remuneration of the Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed remuneration of EUR 15,000 for each full fiscal year of service on the Supervisory Board. The Chairman of the Supervisory Board receives a fixed remuneration of EUR 35,000 and the Deputy Chairman receives EUR 25,000. Supervisory Board remuneration is paid in four equal installments on the last day of February and on 31 May, 31 August and 30 November of each fiscal year.

Members of a Supervisory Board committee are paid a flat fee of EUR 3,000, while chairpersons of such committees are paid EUR 7,000 per fiscal year and committee. In each case, remuneration is limited to activities on a maximum of two committees. Over and above this individual limit, WILEX AG does not pay more than EUR 39,000 per fiscal year for committee activities of all Supervisory Board members combined. If this cap is not sufficient to cover all memberships and chairmanships of Supervisory Board committees, it is distributed proportionally among all committee members and chairpersons in line with the above provisions, unless the Supervisory Board unanimously resolves a different regulation.

An additional allowance is paid for attendance at a maximum of six Supervisory Board meetings in each fiscal year. Meeting chairpersons are paid a flat fee of EUR 3,000 and all other members EUR 1,500 each per meeting. Supervisory Board members who attend meetings by telephone receive only half of the allowance. This allowance must be paid with the Supervisory Board member's fixed remuneration. Members of Supervisory Board committees do not receive an attendance allowance for committee meetings.

The remuneration paid to Supervisory Board members who were not in service for a full fiscal year is pro-rated in accordance with the duration of their membership on the Supervisory Board. Supervisory Board members do not receive variable remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

In the 2016 fiscal year, the members of the Supervisory Board were paid remuneration of EUR 196,524 (previous year: EUR 196,331) without reimbursement of travel expenses.

The table below shows the individual remuneration.

Supervisory Board member	Fixed remuneration		Attendance allowance		Committee fee		Total vergütung1[1)]	
in EUR	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Professor Christof Hettich	35,000	35,000	18,000	18,000	7,000	7,000	60,000	60,000
Dr. Georg F. Baur	25,000	25,000	8,250	8,250	8,500	7,000	41,750	40,250
Dr. Friedrich von Bohlen und Halbach	15,000	15,000	6,000	7,500	10,000	10,000	31,000	32,500
Dr. Birgit Kudlek	15,000	15,000	8,250	8,250	6,000	6,000	29,250	29,250
Dr. Mathias Hothum	15,000	5,081	9,000	1,500	0	0	24,000	6,581
Andreas R. Krebs[1)]	6,774	15,000	750	6,750	3,000	6,000	10,524	27,750
Total	**111,774**	**110,081**	**50,250**	**50,250**	**34,500**	**36,000**	**196,524**	**196,331**

[1)] Andreas R. Krebs left the Supervisory Board effective at the end of the Annual General Meeting on 13 May 2016.

In addition to being a member of the Supervisory Board of WILEX AG, Professor Christof Hettich is also the Chairman or a member of the following bodies:

Company	**Position**
Agennix AG i.L., Heidelberg, Germany	Chairman of the Supervisory Board
InterComponentWare AG, Walldorf	Chairman of the Supervisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L.	Chairman of the Advisory Board
immatics biotechnologies GmbH, Tübingen	Vice Chairman of the Advisory Board
SRH Holding SdbR, Heidelberg	(Chairman of the Supervisory Board – currently inactive) Chairman of the Executive Management Board
Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter Pharma-Fertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg	Member of the Advisory Boards
Molecular Health GmbH, Heidelberg, Germany	Member of the Advisory Board
PROMETHERA biosciences AG, Mont-Saint-Guibert, Belgium	Chairman of the Board of Directors

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Georg F. Baur is also the Chairman or a member of the following bodies:

Company	Position
Franz Haniel & Cie. GmbH, Duisburg	Vice Chairman of the Supervisory Board
Hussel GmbH, Hagen	Chairman of the Advisory Board
J.F. Müller & Sohn AG, Hamburg	Chairman of the Supervisory Board
TAKKO Fashion GmbH, Telgte	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Friedrich von Bohlen und Halbach is also the Chairman or a member of the following bodies:

Company	Position
Agennix AG i.L., Heidelberg, Germany	Member of the Supervisory Board
Apogenix AG, Heidelberg, Germany	Chairman of the Supervisory Board
AC Immune SA, Lausanne (Switzerland)	Member of the Board of Directors
Cosmo Pharmaceuticals N.V., Amsterdam, the Netherlands	Non-executive member of the Board of Directors
CureVac AG, Tübingen	Chairman of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i.L.	Member of the Advisory Board
febit Holding GmbH, Heidelberg	Member of the Advisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board
Wyss Translational Center, Zurich, Switzerland	Member of the Evaluation Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Birgit Kudlek is also a member of the following bodies:

Company	Position
STADA Arzneimittel AG, Bad Vilbel, Germany	Member of the Supervisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr. Mathias Hothum is also the Chairman or a member of the following bodies:

Company	Position
Apogenix AG, Heidelberg, Germany	Member of the Advisory Board
CureVac AG, Tübingen	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim, Germany, now Weinheim 216 GmbH & Co. KG i. L.	Member of the Advisory Board
Joimax GmbH, Karlsruhe, Germany	Chairman of the Advisory Board

Novaliq GmbH, Heidelberg	Member of the Advisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
Molecular Health GmbH, Heidelberg, Germany	Member of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Andreas R. Krebs was also the Chairman or a member of the following bodies:

Merz GmbH & Co. KGaA, Frankfurt am Main	Member of the Supervisory Board and the Shareholders' Council
Merz KGaA, Frankfurt am Main	Chairman of the Advisory Board

The members of the Company's Supervisory Board were not active in any other control bodies at the reporting date above and beyond the activities described in the foregoing.

Shares held by the Executive Management Board and the Supervisory Board

The following table shows the shares held by Supervisory Board and Executive Management Board members:

Name	Function	Shareholdings	Number
Dr. Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	27,005
Dr. Friedrich von Bohlen und Halbach	Member of the Supervisory Board	Indirect[1)]	6,531,262
Professor Christof Hettich	Chairman of the Supervisory Board	Indirect[1)]	6,531,262
		Indirect[2)]	33,804
Dr. Mathias Hothum	Member of the Supervisory Board	Indirect[1)]	6,531,262
Dr. Jan Schmidt-Brand	Chief Executive Officer/Chief Financial Officer	Direct	45,434
Professor Andreas Pahl	Chief Scientific Officer	Direct	20,185

1) Professor Hettich, Dr. von Bohlen und Halbach and Dr. Hothum are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which presumably holds the shares.

2) In his capacity as Managing Director of NewMarket Venture Verwaltungs GmbH

One member of the Supervisory Board listed above directly held 27,005 shares in the Company as of 30 November 2016; both members of the Executive Management Board together directly hold a total of 65,619 shares.

Changes in the shareholdings of members of the Company's corporate bodies are posted at www.wilex.com under "Press+Investors > Corporate Governance > Shareholdings."

Directors' dealings

The German Securities Trading Act (Wertpapierhandelsgesetz) sets out that members of the Executive Management Board, the Supervisory Board and the inner circle of WILEX's executives and parties related to them must disclose any personal trading with WILEX shares, to the extent that such trading surpasses the statutory de minimis limit of EUR 5,000 per calendar year. WILEX's policy is to disclose each and every transaction irrespective of its volume.

Furthermore, no transactions that were not at arm's length as defined in Section 285 No. 21 of the HGB were entered into.

In the 2016 fiscal year, WILEX AG's executives reported the following transactions subject to disclosure in accordance with Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz) (Directors' dealings), which were also posted on WILEX's website, www.wilex.com, under "Press+Investors> Announcements > Directors' Dealings."

Name	Date	Transaction	Marketplace	Price in EUR	Number	Volume in EUR
dievini Hopp BioTech holding GmbH & Co. KG[1]	04.12.2015	Kauf2	OTC	1.84	148,897	273,970.48
dievini Hopp BioTech holding GmbH & Co. KG[1]	07.12.2015	Kauf2	OTC	1.84	930,560	1,712,230.40
Dr. Jan Schmidt-Brand (Executive Management Board member)	08.12.2015	Kauf2	OTC	1.84	1,705	3,137.20
dievini Hopp BioTech holding GmbH & Co. KG[1]	11.12.2015	Kauf2	OTC	1.84	219,728	404,299.52
dievini Hopp BioTech holding GmbH & Co. KG[1]	18.04.2016	Kauf2	OTC	1.84	931,796	1,714,504.64
Dr. Jan Schmidt-Brand (Executive Management Board member)	18.04.2016	Kauf2	OTC	1.84	7,901	14,537.84
dievini Hopp BioTech holding GmbH & Co. KG[1]	25.04.2016	Kauf2	OTC	1.84	1,173,427	2,159,105.68
Professor Andreas Pahl (Executive Management Board member)	18.07.2016	Purchase	Munich Stock Exchange	1.755	2,000	3,510.00
Professor Andreas Pahl	18.07.2016	Purchase	XETRA	1.755	4,000	7,020.00

(Executive Management Board member)						
Professor Andreas Pahl (Executive Management Board member)	27.10.2016	Purchase	XETRA	1.60	2,500	4,000.00
Professor Andreas Pahl (Executive Management Board member)	28.10.2016	Purchase	XETRA	1.60	3,500	5,600.00
Professor Andreas Pahl (Executive Management Board member)	01.11.2016	Purchase	XETRA	1.60	4,000	6,400.00

[1)] The Supervisory Board members Professor Christof Hettich, Dr. Friedrich von Bohlen und Halbach and Dr. Mathias Hothum have management responsibilities at dievini Hopp BioTech holding GmbH & Co. KG, which is a shareholder of WILEX AG.
2) Within the context of capital increases

e) Other conversion rights

Contingent capital:

Currently, the Company only has two types of contingent capital (Article 5 (4) and (6) of the Articles of Association): By way of a resolution dated 9 April 2013, the Supervisory Board voted to revoke the Contingent Capital 2001/I and the amendment of Articles 4 (Announcements) and 5 (Contingent Capital) of the Articles of Association.

In accordance with Article 5 (4) of the Articles of Association, the Company's share capital can be increased by up to EUR 986,491.00 through the issue of up to 986,491 no par value bearer shares (Contingent Capital II). Contingent Capital II was created exclusively to grant employees and Executive Management Board members of the Company up to 986,491 stock options (current status) in accordance with the provisions of the authorization resolution of the Annual General Meeting on 8 September 2005 (2005 Stock Option Plan). The Contingent Capital II resolved by the Annual General Meeting on 8 September 2005 was entered in the Commercial Register on 10 November 2005. See note 3 "2005 Stock Option Plan" for information on the terms of the 2005 Stock Option Plan laid down by way of a resolution of the Annual General Meeting on 8 September 2005.

In addition, in accordance with Article 5 (6) of the Articles of Association, the Company's share capital can be increased by up to EUR 1,156,412.00 through the issue of up to 1,156,412 no par value bearer shares (Contingent Capital 2011/I). This contingent capital increase is exclusively for the purpose of satisfying subscription rights issued on the basis of the authorization resolved by the Annual General Meeting on 18 May 2011 with respect to Agenda item 6 (2011 Stock Option Plan). The Contingent Capital 2011/I resolved by the Annual General Meeting on 18 May 2011 was entered in the Commercial Register on 31 May 2011. See note 3 "2011 Stock Option

Plan" for information on the terms of the 2011 Stock Option Plan laid down by way of a resolution of the Annual General Meeting on 18 May 2011.

Total contingent capital thus amounts to EUR 2,142,903.00, as in the previous year.

Authorized capital:

As a result of the resolution adopted by the Annual General Meeting on 13 May 2016, the Company currently has Authorized Capital 2016/I as its disposal. Pursuant to this resolution, the Executive Management Board is authorized to increase the Company's share capital, with the approval of the Supervisory Board, by up to EUR 6,463,781.00 by issuing up to 6,463,781 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 12 May 2021.

The shareholders generally have a subscription right in connection with cash capital increases. The shares may also be acquired by one or more banks, subject to the obligation to offer them to the shareholders for subscription. The Executive Management Board is authorized, however, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in connection with cash capital increases in the following cases:

a) In the event of a cash capital increase, if the issue price of the new shares is not substantially lower than the market price and if the total share of the new shares issued in direct or analogous application of section 186 (3) clause 4 of the German Stock Corporation Act in return for cash contributions subject to the exclusion of shareholders' subscription rights while this authorization is in effect does not exceed a total of 10% of the share capital, specifically, neither at the date this authorization takes effect nor at the time it is exercised. Shares that are, or shall be, issued for the purpose of satisfying bonds that are issued with conversion rights or options shall be counted toward this 10% limit of the share capital, to the extent that and insofar as these bonds are issued in analogous application of section 186 (3) sentence 4 of the German Stock Corporation Act subject to the exclusion of shareholders' subscription rights while this authorization is in effect; or

b) to avoid fractions of shares.

The Executive Management Board is also authorized to exclude shareholders' subscription rights in connection with capital increases in return for contributions in kind with the approval of the Supervisory Board. Finally, the Executive Management Board is authorized to determine both the additional content of the rights embodied in the shares and the conditions of the share issue, subject to the approval of the Supervisory Board.

The Supervisory Board is authorized to amend the wording of the Articles of Association to reflect the scope of the capital increase from Authorized Capital 2016/I.

f) Disclosure obligations in accordance with the German Securities Trading Act (WpHG)

Various disclosures on equity investments reportable in accordance with Section 21 of the WpHG were made to the Company during the fiscal year and up to the time the annual financial statements were prepared.

These were published on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Voting Rights."

Among others, Mr. Dietmar Hopp reported that his share of the voting rights of WILEX AG amounted to 63.53% as a result of stock acquired on 27 April 2016.

Furthermore, in 2015 WILEX AG received and published an announcement in accordance with Section 27a (1) of the WpHG on the first time the 50% threshold was surpassed.

- Mr. Dietmar Hopp (Germany) informed WILEX on 13 April 2015 that his share of the voting rights exceeded the 50% threshold on 13 April 2015. The 50% reporting threshold was exceeded with OTC stock purchases. Against this background, a declaration was made to WILEX AG on 30 April 2015 that the reporting party I. intends to continue to strive for a long-term, strategic commitment to the issuer and is not interested in generating short-term trading profits; II. currently has no concrete plans to acquire further voting rights by purchase or other means within the next 12 months, but is generally interested in the future development of the issuer, which is why he will review strategic options that present themselves relating to the Company and/or its products and product candidates and, in doing so, will consider, if applicable, changes to his own equity investment and - if opportunities present themselves - will also consider additional purchases, if applicable; III. would like to take advantage of the opportunities for influencing the composition of the administrative, management and supervisory bodies of the issuer associated with the reported equity investments; IV. currently has no plans to materially change the capital structure of the Company, particularly with regard to the ratio of equity-to-debt financing and the dividend policy, but in this case is also generally interested in the future development of the issuer, which is why he will review strategic options that present themselves relating to the Company and/or its products and product candidates and, in doing so, will consider, if applicable, changes to the capital structure; and that V. the acquisition of the voting rights was financed with his own funds.

g) Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act (AktG)

The Declaration of Conformity to be submitted annually in accordance with Section 161 of the AktG was submitted by the Executive Management Board and the Supervisory Board in February 2017. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

h) Equity investments

The following shareholders directly or indirectly held a stake in the share capital exceeding ten percent of voting rights as of the 30 November 2016 reporting date:

Reportable	voting interest as of the reporting date
dievini Hopp BioTech holding GmbH & Co. KG (dievini) and related entities (Verwaltungsgesellschaft der DH-Holding Verwaltungs GmbH and Curacyte GmbH)	63.53%

* Based on a share capital comprising 12,927,564 shares

Proposal on the appropriation of the net loss

The Executive Management Board proposes to carry the net loss for the year EUR 465 k shown as of 30 November 2016 forward to new account.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of WILEX AG, together with a description of the material opportunities and risks associated with the expected development of the Company."

Munich, 27 March 2017

WILEX AG, the Executive Management Board

Dr. Jan Schmidt-Brand
Chief Executive Officer/Chief Financial Officer

Professor Andreas Pahl
Chief Scientific Officer

The following auditors' report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the annual financial statements of Wilex AG as of and for the financial year ended 30 November 2016 and the combined management report. The combined management report is not included in this Prospectus.

AUDITORS REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of WILEX AG, for the fiscal year from 1 December 2015 to 30 November 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 17 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks", subsections "Going concern risks", "Financing risk" and "Overall assessment of the risk situation" of the management report. Therein it is disclosed that the continued existence of the Company as a going concern depends substantially on the systematic implementation of the of the ADC technology based corporate strategy and the successful commercialization of the ADC technology of the subsidiary Heidelberg Pharma GmbH. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or the Company be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardized.

Mannheim, 27 March 2017

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Buhleier
Wirtschaftsprüfer (German Public Auditor)

Schmidt
Wirtschaftsprüfer (German Public Auditor)

EXCERPT FROM THE ANNUAL REPORT 2016 TO WHICH THE AUDITOR'S OPINION IS REFERRING TO

The section regarding the going-concern risks of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 56 of the Company's annual report 2016):

"Going-concern risks

Based on the current status of the Company's technology and licensing prospects, as well as updated planning, the Executive Management Board estimated that cash and cash equivalents available as of the 30 November 2016 reporting date would not be sufficient to fund the Company's business activities for at least the next 12 months.

WILEX's main shareholder therefore issued another financing commitment for €10 million in February 2017. The type and details of financing are contingent on Company and market conditions. The committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

The funding commitment was a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 of the German Commercial Code.

If the Executive Management Board is unable to implement the corporate strategy focused on the ADC technology according to plan, and/or if the Company fails to obtain additional equity funding, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

After the end of the second quarter of the 2018 fiscal year, the WILEX Group and WILEX AG might be unable to meet their payment obligations and/or become overindebted as a result of its subsidiary Heidelberg Pharma missing budget targets. This would jeopardize the Group's and/or consolidated entities' existence as a going concern and shareholders could lose some or all of their invested capital."

The section regarding the financing risks of the group management report (combined management report) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 59 of the Company's annual report 2016):

"Financing risks

WILEX's funding requirements have been reduced due to the fully implemented restructuring program at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or license payments that would significantly extend the Company's cash reach substantially and eliminate the risk of the Company's inability to continue as a going concern. The Company's plan to build a proprietary ATAC pipeline will result in an increase in research and development expenses in the future.

WILEX's main shareholder issued another financing commitment for €10 million in February 2017. Based on the current financial plan, the committed funding should be sufficient to ensure financing of the planned business activities at Heidelberg Pharma and the holding activities at WILEX AG until the end of the second quarter of 2018.

There is a high risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flow will not be sufficient to ensure financing of the planned business activities beyond Q2 2018. Without additional funding, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardized.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ATAC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ATAC technology and the

service business and find additional collaboration partners is a key pillar of the business model. The success of such partnerships depends not only on upfront payments and milestone payments by licensing and collaboration partners, but also on the ability of these partners to achieve success in clinical development and to generate the projected sales revenue and any resulting license fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. To avoid insolvency, the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

The executive management of Heidelberg Pharma assumes that, despite the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also section 7.9.2 "7.9.2 Risks related to a possible significant influence of main shareholders" for more information about the risk of depending on main shareholders."

The risks related to a possible significant influence of main shareholders referred to in the section "Financing risks" above reads as follows (page 64 of the Company's annual report 2016):

"Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (Dietmar Hopp and associated companies) hold a material proportion of its shares (approx. 63.53%) and could exercise a significant influence on the Company in the General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of the main shareholder could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in a financing of the Company. The minimal number of shares in freefloat lowers the liquidity of WILEX shares."

The section regarding the overall assessment of the risk situation of the group management report (group management discussion and analysis) referred to in the audit opinion on the consolidated financial statements (IFRS) as of and for the fiscal year ended 30 November 2016 reads as follows (page 65 of the Company's annual report 2016):

"Overall assessment of the risk situation

Should Heidelberg Pharma perform strongly and ATAC development candidates and the remaining clinical projects of WILEX AG be out-licensed, currently perceived risks and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardizing the existence of the WILEX Group, the parent company WILEX AG and/or Heidelberg Pharma as a going concern.

19. RECENT DEVELOPMENTS AND OUTLOOK

In autumn 2016, Heidelberg Pharma has selected the lead candidate HDP-101, which consists of a BCMA antibody, licensed from the Max Delbrück Center in Berlin, a specific linker and a proprietary synthetic amatoxin. Arrangements for the set-up of GMP manufacturing, formal non-clinical as well as clinical development of HDP-101 have been started. The company intends to start a clinical trial by end of 2018 with HDP-101 in multiple myeloma and to evaluate efficacy by the end of 2020. An important step to reach the clinical trial is to set up a production in a GMP environment at external contract and development manufacturers (CDMO). This technology transfer from the laboratory to larger scale manufacturing under "Good Manufacturing Practices" has to be achieved for the Amanitin payload, the antibody, the linker molecules and the final chemical synthesis to the ATAC drug molecule. So far, these transfer processes are going according to plan. Further, the team will perform non-clinical studies at the same time, including tolerability studies in monkeys, in-line with high quality standards (GLP/GMP) to guarantee safety for subsequent human trials.

- Heidelberg Pharma expects to take the following next steps in 2017 and 2018:
- Completion of technology transfer and upscaling GMP manufacturing of payload, linker and antibody
- Scientific Advice at regulatory authorities, namely Paul Ehrlich Institute and US-FDA
- GMP availability of complete ATAC molecule HDP-101
- Preparation including design of clinical trial
- Initiation of regulatory process for Phase I IND approval

In parallel Heidelberg Pharma is pursuing a partnering strategy which paves the way to using antibodies which would not be accessible without the respective partner and to generate early cash returns. As part of this strategy, Heidelberg Pharma entered into a multi-target research and option agreement with Takeda, a pharmaceutical company with vast experience in ADCs and oncology, in June 2017. Heidelberg Pharma is working with further undisclosed companies under Material Transfer Agreements to do early feasibility studies with their antibody candidates. Based on good preliminary data Heidelberg Pharma strives to reach further research and option agreements comparable with Takeda’s agreement.

On 9 October 2017 the Company adjusted its guidance for the current fiscal year. Sales revenues are downward on the one hand due to deferred revenue arising under the Takeda agreement as the first payment had to be split in favor of coming quarters. On the other hand there is a postponement of milestone payments from Link Health. Since 31 August 2017 cash and cash equivalents have decreased according to plan in the ordinary course of business.

20. PROFIT FORECAST

Forecast of Earnings before Interest and Taxes ("EBIT") (excluding revenue from potential license agreements or from the partnering of RENCAREX®) for the Fiscal Year Ending 30 November 2017 for Heidelberg Pharma AG , Ladenburg (the "EBIT Forecast").

20.1. INTRODUCTION

The Earnings before Interest and Taxes (EBIT) forecast presented in this section does not contain any statements of fact and prospective investors should not interpret the forecast of the EBIT as such. It is based on assumptions of the Executive Management Board (*Vorstand*) of Heidelberg Pharma AG (formerly known as "WILEX AG"), Ladenburg ("**Heidelberg Pharma**" or the "**Company**", together with its consolidated subsidiary Heidelberg Pharma Research GmbH, "**Heidelberg Pharma Research**", the "**Heidelberg Pharma Group**" or the "**Group**" and formerly known as "**WILEX Group**"), which are listed below and that are inherently subject to significant uncertainties.

These assumptions relate to factors considered and assumptions made that can only in part or cannot be influenced or restricted by the Company. Even if these assumptions are considered by the Company to be appropriate at the time of the EBIT Forecast being prepared by the Executive Management Board, they may prove to be incorrect or inaccurate and thus lead to material differences between the EBIT Forecast and the actual EBIT for the fiscal year 2017. In addition, other aspects that are not currently known to the Company and events that unexpectedly occur in the future can materially affect actual results of the business planning scenario.

Any forward-looking statements, including the EBIT Forecast, are necessarily based on a number of assumptions and estimates about future events and actions, including Executive Management Board's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control, and upon assumptions with respect to future business decisions that are subject to change.

Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the EBIT Forecast.

The Company uses EBIT as a key performance indicator to manage the Group's business and believes EBIT to be indicative of the operating results.

EBIT is calculated as follows:

	Net income (loss) for the year
+ / –	Income Tax
=	**Earnings before tax**
+ / –	Financial result (net of finance income and finance costs)
=	**EBIT**

The measure EBIT is not recognized as GAAP measure under IFRS and should not be considered as a substitute for earnings or losses before income taxes, cash flows from operating activities or any other performance indicator as determined or defined by IFRS.

The manner in which the Company measures EBIT may not be consistent with the manner in which these measures, similar measures or measures with similar names are determined by other companies. Accordingly, EBIT as presented herein may not be comparable to these measures, similar measures or measures with similar names as presented by other companies.

20.2. THE EBIT FORECAST

On the basis of developments to date in the fiscal year ending 30 November 2017 the Company currently anticipates the following with regards to Heidelberg Pharma Group's EBIT:

Earnings before interest and taxes (EBIT) in the 2017 fiscal year are assumed to be between EUR -9.0 m and EUR -11.0 m.

20.3. EXPLANATORY NOTES TO THE EBIT FORECAST

20.3.1. Principles

The EBIT Forecast was prepared in accordance with the guidelines of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. - "IDW") on the Preparation of Profit Forecasts and Estimates in Accordance With the Specific Requirements of the Regulation on Prospectuses and confirmation of Profit Estimates on the basis of preliminary figures (IDW AcPS AAB 2.003).

Although EBIT is not an IFRS measure of operating performance or liquidity, its basis (i.e. the figures used to calculate the forecasted figures) was derived using IFRS accounting principles. The accounting policies applied are described in the notes to the Company's consolidated financial statements for fiscal year ended 30 November 2016 and in the notes to the Company's condensed consolidated interim financial statements for the nine-month period ended 31 August 2017.

The EBIT Forecast is based on a number of factors and assumptions. The development of these factors and assumptions is made by the Company's Executive Management Board, which are set forth below.

20.3.2. Factors and Assumptions

20.3.2.1. Factors beyond the Group's control and related assumptions

The EBIT Forecast is subject to factors beyond the Group's control. These factors, and the Company's assumptions regarding their development and impact on the Group, are as follows:

Factor: Unforeseen events such as force majeure

Heidelberg Pharma assumes that no material unforeseen events will occur that could result in material or lasting constraints on the ongoing operations of the entities of the Group, such as force majeure (e.g. fire, floods, hurricanes, storms, earthquakes or terrorist attacks, major industrial action, material macroeconomic events or war).

Factor: Political, legislative and other regulatory measures

The Company assumes that there will be a stable political environment and assumes no material changes in the legal and regulatory framework or regulatory actions which the Group is or may become subject to, such as immediate or imminent impacts from increasing global cost pressure on health care systems or the overall increase in biotech companies.

Factor: Economic development

The global economy is assumed to grow similarly quickly in 2017 as in the previous year. Heidelberg Pharma assumes the expansionary monetary policy of the European Central Bank to have a continuing impact on financial markets. The Company assumes that no major negative development in the relevant economic environment will occur.

Factor: Competitive environment and market development

The Group operates in a competitive and growing market. For the purposes of the EBIT Forecast Heidelberg Pharma does not assume any material changes in the competitive environment for the Group's business.

Factor: Environmental, safety and other laws and regulations

The Company assumes that for fiscal year 2017 there will be no changes in laws and regulations which could impact operations negatively.

20.3.2.2. Factors that can be influenced by the Group and related assumptions

In addition to the factors and assumptions described above EBIT is subject to the following additional key factors that can be influenced by the Group and the related assumptions attributable to EBIT.

Factor: Income (Sales revenue and other income)
Heidelberg Pharma Group mainly generates revenue from service sales, government funding and licensing arrangements.

The Executive Management Board assumes the Heidelberg Pharma Group to generate between EUR 2.0 m and EUR 4.0 m in sales revenue and other income in the fiscal year 2017 compared to EUR 2.7 m in fiscal year 2016. These will primarily comprise the sales revenue generated by Heidelberg Pharma Research GmbH.

For purpose of this EBIT Forecast the Company assumess an increase in sales revenue mainly based on advanced activities in the field of ATAC technology. While in the preceding year the Group only received income from early stage non-disclosed research collaborations, so far in fiscal year 2017, Heidelberg Pharna Group finalized a multi-target research agreement with Takeda. The number of non-disclosed research collaborations has also been increased.

In addition to that, in Jaunary 2017 Heidelberg Pharma concluded a worldwide license agreement for the development and commercialization of the imaging agent REDECTANE® with Telix.

Sales revenue from potential licence agreements or from partnering of RENCAREX® is not reflected in the EBIT Forecast. As a result, no assumptions are made related to this potential revenue stream.

The Executive Management Board further assumes for purpose of the EBIT Forecast that other income will mainly comprise reversal of unutilized accrued liabilities and government grants and that there will be a significant decrease in other income due to fewer government grants received in fiscal year 2017.

The Company believes it can forecast income with reasonable certainty for purposes of the EBIT Forecast.

Factor: Operating Expenses
The Executive Management Board assumes operating expenses to amount to EUR 12 m to EUR 14 m in the fiscal year 2017 compared to EUR 9.1 m in fiscal year 2016. The Company believes it can forecast operating expenses with reasonable certainty for purposes of the EBIT Forecast.

The assumed increase by up to EUR 4.9 m in operating expenses is based on the following factors and assumptions regarding cost of sales, research and development costs, administrative costs and other expenses.

Factor: Cost of sales
The Executive Management Board assumes cost of sales in fiscal year 2017 to be on the same level as in fiscal year 2016 (EUR 0.8 m).

Factor: Research and development costs
The Executive Management Board assumes higher research and development expenses compared to the fiscal year 2016 (EUR 6.1 m), due to the advancement of the Company's proprietary platform technology and due to the preparation of the clinical development of HDP-101. CMC (Chemistry, Manufacturing and Control) processes for HDP-101 were initiated for antibody, toxin and conjugation. The regulatory activities (Gap analysis, briefing book and study synopsis for scientific advice meeting at Paul Ehrlich Institute (PEI), Germany) have started and the clinical advisory board was established.

Factor: Administrative costs
The Executive Management Board assumes anincrease in the general administrative expenses in fiscal year 2017 compared to EUR 2.0 m in fiscal year 2016 as a result of financing activities, increased investor relations activities, license negotiations and the introduction of a new ERP (Enterprise resource planning) solution.

Factor: Other expenses
The Executive Management Board assumes stable other expenses in fiscal year 2017 compared to EUR 0.2 m in fiscal year 2016.

20.4. OTHER EXPLANATORY NOTES

The EBIT Forecast does not include material extraordinary results or results from non-recurring activities within the meaning of the IDW accounting practice statement (IDW RH HFA 2.003).

This EBIT Forecast is based on the Profit Forecast for the fiscal year ending 30 November 2017 included in the Group's Combined Management report for the fiscal year ended 30 November 2016 and the Profit Forecast for the fiscal year 2017 included in the Group's Interim Combined Management report for the nine-month period ended 31 August 2017.

As the EBIT Forecast refers to a period not yet concluded and has been prepared on the basis of assumptions regarding uncertain future events and actions (factors), it inherently involves considerable uncertainty. As a result of such uncertainties, it is possible that the Group's actual EBIT for the fiscal year ending 30 November 2017 may differ substantially from the forecasted EBIT.

This EBIT Forecast was prepared on 3 November 2017.

20.5. AUDITOR'S REPORT (*BESCHEINIGUNG*)

Auditor's Report on the Forecast of Earnings before Interest and Taxes ("EBIT") (excluding revenue from potential license agreements or from the partnering of RENCAREX®) for the fiscal year 2017 prepared by Heidelberg Pharma AG

To Heidelberg Pharma AG, Ladenburg

We have audited whether the profit forecast prepared by Heidelberg Pharma AG, Ladenburg, (the "Company") for the period from December 1, 2016 to November 30, 2017 has been properly compiled on the basis stated in the explanatory notes to the profit forecast and whether this basis is consistent with the accounting policies of the Heidelberg Pharma AG. The profit forecast comprises the forecast of Earnings before interest and taxes ("EBIT") (excluding revenue from potential license agreements or from the partnering of RENCAREX®) for Heidelberg Pharma AG and its consolidated subsidiaries (together the "Group") for the period from December 1, 2016 to November 30, 2017 and explanatory notes to the profit forecast (together, the "EBIT Forecast").

The preparation of the EBIT Forecast including the factors and assumptions presented in the explanatory notes to the EBIT Forecast is the responsibility of the Company´s management.

Our responsibility is to express an opinion based on our audit whether the EBIT Forecast has been properly compiled on the basis stated in the explanatory notes to the EBIT Forecast and whether this basis is consistent with the accounting policies of the Company. Our engagement does not include an audit of the assumptions identified by the Company and underlying the EBIT Forecast or an audit of the historical financial information contained in the explanatory notes.

We conducted our audit in accordance with the IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS AAB 2.003 and Confirmation of Profit Estimates on the basis of preliminary figures (IDW AuPS 9.960.3) [IDW Prüfungshinweis: Prüfung von Gewinnprognosen und –schätzungen i.S.v. IDW RH HFA 2.003 und Bestätigung zu Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW PH 9.960.3)] promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). Those standards require that we plan and perform the audit such that material errors in the compilation of the EBIT Forecast on the basis stated in the explanatory notes to the EBIT Forecast and in the compilation of this basis in accordance with the accounting policies of the Company are detected with reasonable assurance.

As the EBIT Forecast relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that the actual EBIT for the period from December 1, 2016 to November 30, 2017 may differ materially from the forecast.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion the EBIT Forecast has been properly compiled on the basis stated in the explanatory notes to the EBIT Forecast. This basis is consistent with the accounting policies of the Company.

Mannheim, Germany, November 3, 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Claus Buhleier
Wirtschaftsprüfer

Steffen Schmidt
Wirtschaftsprüfer

21. GLOSSARY

Acute Myeloid Leukemia (AML)	Acute myeloid leukemia (AML) is a blood cancer where large amounts of myeloid blasts (immature blood cells) exist in the blood. They derive from a myeloid cell proliferating in an uncontrolled way, which normally builds red blood cells, platelets and parts of white blood cells. AML is the most common acute leukemia in adults.
AktG	Aktiengesetz, German Stock Corporation Act
Amanitin	toxin that is a member of the amatoxin group of natural poisons occurring in the death cap (Amanita phalloides), among others
Antibody Drug Conjugate (ADC) technology	Antibody drug conjugates are monoclonal antibodies attached to biologically active drugs by chemical linkers. Combining the specific targeting of antibodies with cancer-killing cytotoxic drugs enables ADCs to discriminate between healthy and tumor tissue. This combination enhances the control of drug pharmacokinetics and significantly improves delivery to target tissue.
Antibody Targeted Amanitin Conjugate (ATAC)	Antibody drug conjugate using the amanitin toxic. ATACs are second-generation ADCs characterized by improved efficacy, also as regards quiescent tumor cells. Quiescent tumor cells are scarcely reached with existing standard therapies and contribute to tumor recurrence and resistance formation. These ATACs will also be used to treat therapy-resistant tumors that no longer respond to standard chemotherapy or anti-tumor antibodies.
Antigen	Structure onto which an antibody specifically binds
Antibodies	Proteins which are produced by the immune system with the aim of identifying and destroying foreign substance that cause disease, such as viruses and bacteria
Authorised capital	Value or number of shares authorised in advance by the company's General Meeting for the purpose of a possible capital increase against cash or non-cash contribution
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht, German Federal Financial Supervisory Authority
Biopharmaceutical	Research into and development of drugs and therapies (pharmaceutics), based on biotechnology and molecular biology
Biotechnology	Research into and development of drugs and therapies (pharmaceutics), based on biotechnology and molecular biology
Bundesanzeiger	German Federal Gazette
CAIX	Antigen that binds to the antibody Girentuximab
CDMO	Contract Development and Manufacturing Organization
Chemotherapy	Use of cell toxins to destroy tumor cells in the body
Chimeric	Genetically composed from different species

Clinical development	The performance of trials on humans in order to advance a drug candidate to the market approval stage
Combination therapy	Therapy with two or more substances
Contingent capital	Capital authorised by shareholders' resolution for the issue of stock options or convertible bonds
CTCL (Cutaneous T cell lymphoma)	Lymphoma is the most common blood cancer. T cell lymphoma is a disease affecting the lymphatic system where clusters of malignant T lymphocytes (T cells) are found in the lymph nodes and other organs. One of the most common forms is CTCL, a T-cell lymphoma that causes malignant lesions on the skin.
Cytotoxic	Poisonous to cells
Diagnostic agent	A tool, gene or protein that aids in the diagnosis of an illness
D&O insurance	Directors and officers insurance A managers' liability insurance effected by a company for its board members and executives
Drug candidate	Drug which is still at the development stage
€	Cf. "Euro"
EarlyADME	**E**arly **A**bsorption, **D**istribution, **M**etabolism and **E**xcretion of a pharmaceutical compound with an organism
EBITDA	Earnings before interest, taxes, depreciation, and amortisation EBITDA is used to describe the result for the year excluding taxes, financial result, depreciation, amortisation, impairment and other expenses
EMA	European Medicines Agency European Union agency for the evaluation of medicinal products
EUR	Euro The official currency of the Eurozone.
FDA	Food and Drug Administration – regulatory authority in the USA
Formulation	The way in which an active ingredient is combined with suitable carrier substances and excipients and the form in which it is administered
Generic drug	Copy of a drug already available on the market, containing the same active ingredient
Girentuximab	INN (International Nonproprietary Name) for RENCAREX®. RENCAREX® is the development name for the therapeutic antibody WX‑G250, which is based on the chimeric antibody cG250. The INN for the radio labelled antibody, which is developed under the name REDECTANE® is Iodine (124I) girentuximab
Good Laboratory Practice (GLP)	International regulations governing the conduct of tests in laboratories

GMP	International regulations governing the production of pharmaceutical products
HPD-101	Development name for the proprietary ATAC candidate that is composed of a BCMA antibody, a linker and the Amanitin toxin
HGB	Handelsgesetzbuch, German Commercial Code
IAS	International Accounting Standards Part of the International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by the EU
Immune checkpoint	Immune checkpoints are receptors on the surface of T-cells. They act as modulators of T-cell response, and act as intensifiers (proinflammatory) or inhibitors (anti-inflammatory; e. g. PD-1). Checkpoint inhibitors are drugs that occupy the immune checkpoints and thus inhibit them.
Indication	Disease; reason for the execution of a medical examination or treatment
Inhibitor	Substance which reduces or inhibits specific biological activities
INN	International Nonproprietary Name
In vitro	Refers to a procedure or reaction that takes place in a test tube
In vivo	Refers to a procedure or reaction that takes place in the body
Licensing	Sale or acquisition of development and/or marketing rights to a product
Linker	Bridging molecule, used e.g. to connect a toxin to an antibody
MESUPRON®	Name under which the oral uPA inhibitor is being developed (formerly WX-671)
Metastasis	Malignant spread of a tumor in an organism
Metastases	The spread of malignant tumor cells in the body and the formation of secondary tumors
Monoclonal antibodies	Monoclonal antibodies are produced by cells created when an antibody producing cell (such as a B lymphocyte) fuses with an immortalized cancer cell. This procedure is carried out in the laboratory and produces a hybrid cell (hybridoma) possessing the properties of both cells. Since these cells originate from the same cell, they are all identical and are therefore described as "monoclonal". They produce large amounts of a specific anti- body, which binds to a specific antigen.
Oncology	Research field which focuses on cancer studies
Oral	Administration via the mouth
Orthotopic tumors	Tumors that are located at the same anatomical location of recipient and donor. This plays a role in animal models, for example.
Overexpressed	Too many copies of a substance, e.g. a protein

PET/CT	PET/CT is a combination of two imaging procedures. Whereas PET (positron emission tomography) is a radionuclide imaging procedure that can visualize biochemical and physiological processes, CT (computer tomography) is a radiological method which shows the anatomic structures that are necessary to localize the PET signal.
Pharmaceutics	Science that deals with the composition, effect, development, testing, production, and dispensing of drugs
Pharmacokinetics	Describes all processes of the action of drugs in the body, examining absorption, distribution, metabolism, and excretion.
Pharmacology	A scientific discipline investigating the characterization, effect and application of drugs and their interaction with the organism
Phase I	Clinical trial of a substance carried out on a low number of healthy subjects or patients under strict supervision that serves to investigate toxicity, pharmacokinetics, form of administration and safe dosage of a substance
Phase II	Clinical trial with a low number of patients with the aim of testing the efficacy of a substance for specific indications, identifying any side effects and safety risks and determining the tolerance and optimum dosage
Phase III	Clinical trial with a large number of patients (several hundred to several thousand) to ascertain the safety, tolerance and efficacy as well as optimum dosage of a substance under real therapy condition
Pipeline	All of the drug candidates that are under development
Positron emission tomography (PET)	A radio nuclide imaging procedure, which can visualize biochemical and physiological processes by means of radioactive materials
Preclinical	The preclinical phase comprises all in vitro and in vivo test systems for examining the features of a substance prior to the start of the clinical phases
Primary tumor	A tumor that triggers a malignant disease
Proof of concept	Evidence of the fundamental feasibility of a plan
Protease	An enzyme that splits proteins, subdividing them into smaller parts
PSMA	Prostate-specific membrane antigen. PSMA is overexpressed in prostate cancer specifically and is a promising target for an ADC approach, as it shows very low expression in normal tissues.
R&D	Research and development
REDECT	**R**enal Masses: Pivotal Trial To **De**te**ct** clear-cell RCC with pre-surgical PET/CT. REDECT is a Phase III registration trial, which will evaluate whether imaging with REDECTANE® can improve the diagnosis in comparison to the current standard (CT).
REDECTANE®	Development name for the antibody Girentuximab radioactively labelled with iodine-124 (INN Iodine (124I) Girentuximab), formerly CA9-SCAN
RENCAREX®	Development name for the therapeutic antibody Girentuximab (formerly WX-G250)

RNA polymerase II	Enzyme complex that mainly catalyzes the synthesis of mRNA (messenger ribonucleic acids) in the transcription of DNA in eukaryotes
SCLC	**S**mall **C**ell **L**ung **C**ancer
Serine protease	A type of peptidase (i. e. enzymes which catalyze the split of proteins and peptides)
Special Protocol Assessment (SPA)	The SPA documents that the FDA confirms that the design and planned analysis of a clinical trial adequately address the requirements for a regulatory submission.
Therapeutic agent	Drug applied for the treatment of illnesses
Thrombin	Enzyme that enables blood to coagulate
uPA	Urokinase-type plasminogen activator
USD	United States dollar The official currency of the United States and its insular territories
WpHG	Wertpapierhandelsgesetz, German Securities Trading Act
WpPG	Wertpapierprospektgesetz, German Securities Prospectus Act
WpÜG	Wertpapiererwerbs- und Übernahmegesetz, German Securities Acquisition and Takeover Act.

22. SIGNATURES

Ladenburg and Unterschleissheim, 3 November 2017

Heidelberg Pharma AG

sgd. Dr Jan Schmidt-Brand
- Chief Executive Officer -

sgd. Professor Andreas Pahl
- Chief Scientific Officer -

Baader Bank AG

sgd. Christian Bacherl
- Management Board Member -
(*Vorstand*)

sgd. Kai Göhring
- authorisedrepresentative -
(*Prokurist*)