



Heidelberg

**INVITATION  
to the Annual General Meeting**

of SYGNIS AG

Heidelberg

Securities Identification Number: A1RFM0 / ISIN: DE000A1RFM03

Securities Identification Number: A2E4TH / ISIN: DE000A2E4TH5

We hereby invite all our shareholders to attend

**on Friday, 7 July 2017,**

**at 10.00 a.m. (CEST)**

in the Tagungszentrum Studio Villa Bosch

Schloss-Wolfsbrunnenweg 33

69118 Heidelberg, Germany

**the Annual General Meeting**

of the Company.

**Agenda**

- 1. Presentation of the annual accounts and the consolidated financial statements as approved by the Supervisory Board, the management report and the Group management report and the report of the Supervisory Board, each for the financial year 2016**

Pursuant to German Stock Corporation Law, no resolution on this agenda item is required because the Supervisory Board is responsible for the approval of the annual financial statements and the consolidated financial statements.

- 2. Resolution on the discharge of the members of the Supervisory Board for the financial year 2016**

Management Board and Supervisory Board propose to decide upon the relief of the members of the Supervisory Board officiating in the financial year 2016 by way of individual decision as follows:

- a) Dr. Cristina Garmendia Mendizábal is granted relief.
- b) Prof. Dr. Friedrich von Bohlen und Halbach is granted relief.
- c) Mr. Pedro-Agustin del Castillo Machado is granted relief.
- d) Mr. Joseph M. Fernandez is granted relief.
- e) Dr. Franz Wilhelm Hopp is granted relief.
- f) Ms Maria-Jesús Sabatés Mas is granted relief.
- g) Mr. Trevor Jarman is granted relief.
- h) Mr. Tim McCarthy is granted relief.

**3. Resolution on the discharge of the members of the Management Board for the financial year 2016**

Management Board and Supervisory Board propose to grant the members of the Management Board who were in office during the financial year 2016 relief for the financial year 2016.

- a) *Ms María del Pilar de la Huerta Martínez is granted relief.*
- b) *Mr. Heikki Lanckriet is granted relief.*

**4. Election of the auditor for the financial year 2017**

The Supervisory Board - based on a recommendation of its Audit Committee - proposes Ernst & Young, auditors, Theodor-Heuss-Anlage 2, 68165 Mannheim, to be appointed as auditor and group auditor for the financial year from 1 January 2017 to 31 December 2017.

**5. Resolution on the implementation of a Stock Option Plan 2017 and the creation of a new conditional capital (Conditional Capital 2017) for the fulfilment of the Stock Option Plan 2017; Amendment of Articles of Association**

In accordance with common practice of listed stock corporations in Germany SYGNIS AG plans to create the preconditions for the granting of variable remuneration components with long-term incentives for executives and employees of SYGNIS AG and its subsidiaries in Germany and abroad for the purpose of a sustainable increase of the enterprise value within the framework of the German Stock Corporation Act (*Aktiengesetz*).

Thus, it is envisaged to establish a stock option plan (“**Stock Option Plan 2017**”), according to which the Management Board shall be authorized to grant - with the approval of the Supervisory Board - up to 4,000,000 options to current and future members of the

management bodies and employees of SYGNIS AG and its current and future affiliated companies.

Management Board and Supervisory Board propose to adopt the following resolutions:

a) Authorization to implement a Stock Option Plan 2017

The Management Board is authorized, with the consent of the Supervisory Board, – and, to the extent members of the Management Board (also in their capacity as members of the management of affiliated companies) are concerned, the Supervisory Board is authorized – to grant through 6 July 2022 on one or more occasions up to 4,000,000 options (subscription rights within the meaning of Sec. 192 para. 2 no. 3 Aktiengesetz; “**Stock Options 2017**”) in total to current and future members of the management bodies and employees of SYGNIS AG and its current and future affiliated companies in the meaning of Sec. 15 et seqq. AktG (jointly “**Beneficiaries**”) which shall entitle the Beneficiaries to acquire new no-par-value bearer shares of SYGNIS AG subject to the terms and conditions set out below.

The granting of the Stock Options 2017 is subject to the following provisions:

aa) Groups of Beneficiaries and Allocation of Stock Options 2017

The aggregate amount of up to 4,000,000 Stock Options 2017 is allocated to the various groups of Beneficiaries as follows:

- (i) Current and future members of the Management Board of SYGNIS AG shall receive 2,000,000 Stock Options 2017 at maximum.
- (ii) Current and future employees of SYGNIS AG shall not receive any Stock Options 2017.
- (iii) Current and future members of the management bodies of affiliated companies of SYGNIS AG in Germany and abroad shall receive 1,500,000 Stock Options 2017 at maximum.
- (iv) Current and future employees of affiliated companies of SYGNIS AG in Germany and abroad shall receive 500,000 Stock Options 2017 at maximum.

bb) Issue periods (acquisition of Stock Options 2017) , Issue Date

Stock Options 2017 may be offered to the Beneficiaries in one or several tranches through 6 July 2022 for acquisition, however, Stock Options 2017 shall not be issued within 4 weeks prior to the publication of the annual, half-year or quarterly financial report or, as the case may be, prior to the announcement of the provisional results for the previous financial year, half year or quarter, respectively. The “Issue Date” shall be the date on which the Beneficiaries receive the offer to be granted stock options, irrespective of the date the offer is accepted. The offer can specify a later date as the Issue Date.

cc) Terms of the Stock Option 2017, Issue Price, fulfillment

For each Stock Option 2017 a Beneficiary exercises, he/she shall be entitled to subscribe for one new no-par-value bearer share of SYGNIS AG against payment of the “**Issue Price**”. The Issue Price per share shall be 95 % of the average closing price of SYGNIS AG’s shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange during the last 10 trading days prior to the Issue Date, but in any event not less than EUR 1.00. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day. Sec. 9 para. 1 Aktiengesetz remains unaffected.

The Stock Options 2017 may be fulfilled from the newly created conditional capital (cf. c) below), from existing or newly created authorized capital or from treasury shares. Furthermore, the Company shall have the right to elect a cash settlement. In such case the Beneficiary shall be paid the difference between the Issue Price and the average closing price of SYGNIS AG’s shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange during the last 10 trading days prior to the date of exercise of the relevant Stock Option 2017.

dd) Waiting Period before first exercise

Beneficiaries may exercise the options from the end of the Issue Date’s fourth anniversary onwards (“**Waiting Period**” within the meaning of Sec. 193 para. 2 no. 4 Aktiengesetz).

ee) Performance Target(s)

The exercise of the Stock Options 2017 is further subject to the condition precedent that annualized revenues of the group have exceeded 20 million

EUR (Performance target within the meaning of Sec. 193 para. 2 no. 4 Aktiengesetz).

ff) Exercise windows

Even after expiry of the Waiting Period the Stock Options 2017 shall not be exercised within any period of 4 weeks prior to the publication of the annual, half-year or quarterly financial report or, as the case may be, prior to the announcement of the provisional results for any previous financial year, half year or quarter, respectively. Furthermore, any legal restrictions pursuant to law, in particular, without being exhaustive, pursuant to the German Securities Trading Act (Wertpapierhandelsgesetz) shall be observed.

gg) Maturity (Exercise period)

The Stock Options 2017 may only be exercised within 11 years from the end of the Waiting Period and shall be forfeited upon the expiry of such exercise period.

hh) Transferability

The Stock Options 2017 shall not be transferable but inheritable. The Stock Options 2017 shall not be pledged or otherwise encumbered.

ii) Taxes

The Beneficiaries shall bear all taxes due in connection with the granting and exercise of the Stock Options 2017, in particular income tax, church tax and solidarity surcharge.

jj) Authorization to determine further terms and conditions

The Management Board is authorized to determine the further terms and conditions of the Stock Options 2017 by supplementary resolutions. To the extent that Stock Options 2017 are granted to members of the Management Board of SYGNIS AG, (only) the Supervisory Board is authorized to determine the terms and conditions by supplementary resolutions.

This includes in particular, without being exhaustive:

- the determination of the amount of Stock Options 2017 granted to an individual Beneficiary and the members of any group of Beneficiaries,
- terms and conditions for vesting (e.g. termination of employment, parental leave of Beneficiaries),
- terms and conditions for further causes of forfeiture and exceptions to provisions on forfeiture,
- Adjustment of exchange ratio in case of capital measures, mergers or similar transactions of the Company (anti-dilution protection).

kk) Reporting by Management Board

The Management Board is obliged to report on the utilization of the Stock Option Plan 2017 and the Stock Options 2017 granted to Beneficiaries in any financial year pursuant to the applicable statutory provisions in the notes of the annual financial statements or the management report (Secs. 285 no. 9a, 314 para. 1 No. 6a German Commercial Code, Sec. 160 para. 1 no. 5 Aktiengesetz).

b) Conditional Capital 2017

The Company's share capital is increased conditionally by EUR 4,000,000.00 through the issue of up to 4,000,000 new no-par-value bearer shares (Conditional Capital 2017). The Conditional Capital 2017 serves to meet the obligations of subscription rights that have been issued and exercised based on the authorization resolved by the Annual General Meeting of July 7, 2017 under Agenda Item 5 letter a). The conditional capital increase will be executed only to the extent that holders of subscription rights exercise their right to subscribe to shares of the Company. The shares will be issued at the exercise price set in each case as the Issue Price in accordance with Agenda Item 5 letter a) sub letter cc) of the Annual General Meeting resolution dated July 7, 2017; Sec. 9 para. 1 Aktiengesetz remains unaffected. The new shares are entitled to a dividend for any financial year for which, at the time of the issuance of the shares, the AGM has not yet resolved on the appropriation of profits. The Management Board, with the approval of the Supervisory Board – and the Supervisory Board, to the extent that members of the Management Board are concerned –, is authorized to determine the additional details of the conditional capital increase and its execution.

c) Amendment of Articles of Association

Sec. 4 para. 6 of the Articles of Association of the Company shall be newly drafted as follows:

"The Company's share capital is increased conditionally by 4,000,000.00 through the issue of up to 4,000,000 new no-par-value bearer shares (Conditional Capital 2017). The Conditional Capital 2017 serves to meet the obligations of subscription rights that have been issued and exercised based on the authorization resolved by the Annual General Meeting of July 7, 2017 under Agenda Item 5 letter a). The conditional capital increase will be executed only to the extent that holders of subscription rights exercise their right to subscribe to shares of the Company. The shares will be issued at the exercise price set in each case as the Issue Price in accordance with Agenda Item 5 letter a) sub letter cc) of the Annual General Meeting resolution dated July 7, 2017; Sec. 9 para. 1 Aktiengesetz remains unaffected. The new shares are entitled to a dividend for any financial year for which, at the time of the issuance of the shares, the AGM has not yet resolved on the appropriation of profits. The Management Board, with the approval of the Supervisory Board – and the Supervisory Board, to the extent that members of the Management Board are concerned –, is authorized to determine the additional details of the conditional capital increase and its execution. "

- d) Authorization to adapt the wording of the Articles of Association

The Supervisory Board is authorized to adapt the wording of the Articles of Association corresponding to the respective utilization of the Conditional Capital 2017. The same applies in case and to the extent that the Conditional Capital 2017 is not utilized for the issuance of Stock Options 2017 before the expiry of the authorization period, and also in case and to the extent that the Conditional Capital 2017 is not executed before the expiry of the exercise periods for the Stock Options 2017.

## **6. Election of Supervisory Board Members**

The appointment of all members of the Supervisory Board Members ends with this General Meeting.

The Supervisory Board of the Company in accordance with Secs. 95, 96, paragraph (1), 101 paragraph (1) Stock Corporation Act ("AktG") in conjunction with Sec. 8 (1) of the Articles of Association consists of six members, who are elected by the Annual General Meeting. The General Meeting is not bound by election proposals. It is planned to conduct the elections of the Supervisory Board members in the form of individual elections.

The Supervisory Board proposes that the following persons shall be elected to the Supervisory Board with effect from the date of the close of the this General Meeting for the period until the end of the AGM, which decides on the discharge of the members of the Supervisory Board for the fourth fiscal year following commencement of the term of office (not taking into account the fiscal year in which the term of office begins). The proposals take into account the objectives specified by the Supervisory Board with regard to its composition and the completion of the Supervisory Board's profile of competences. The Supervisory Board has confirmed with the proposed candidates that they are able to devote the expected amount of time required. On the homepage of SYGNIS AG ([www.sygnis.com/supervisory-board](http://www.sygnis.com/supervisory-board)) a CV for the proposed candidates is available (including their relevant knowledge, skills and experience as well as the most important activities besides the Supervisory Board membership at SYGNIS AG).

- (i) Dr. Cristina Garmendia Mendizábal,

Chairwoman of the board of directors of Genetrix S.L., Madrid, Spain

resident in Madrid, Spain.

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Member of the Board of Directors, Ysios Capital Partner, SGECR S.A., Barcelona, Spain
- Member of the Board of Directors, Member of the Board of Trustees, Pelayo Mutua de Seguros, Madrid, Spain:
- Member of the Board of Directors, Everis Spain, S.L., Madrid, Spain:
- Member of the Board of Directors, Gas Natural SDG, S.A. Madrid, Spain:
- Chairwoman of the Board of Directors, Genetrix, S.L., Madrid, Spain:
- Member of the Board of Directors, Corporación Financiera ALBA, Madrid, Spain:.
- Sole Administrator, Jaizkibel, S.L., Madrid, Spain:
- Member of the Board of Directors, Science & Innovation Link Office, S.L., Madrid, Spain
- Member of the Board of Directors, Compañía De Distribución Integral Logista Holdings, S.A., Madrid, Spain



- Chairwoman of the Board of Directors, Satlantis Microsats, S.L., Madrid, Spain:

**Information according to item 5.4.1 (para. 4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company (significant is a shareholding of at least 10%):

Member of the board of directors and non controlling shareholder of Genetrix SL, Spain. Genetrix SL holds approximately 13,6% of the shares in SYGNIS AG.

Dr. Cristina Garmendia Mendizábal intends to run for Chairwoman of the Supervisory Board again and the other candidates confirmed that they are supportive of this.

- (ii) Joseph M. Fernandez,

CEO of Active Motif, Inc., Carlsbad, CA, USA,  
resident in Carlsbad, CA, USA

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Chairman of the Board of Directors of Active Motif Chromeon GmbH, Tegernheim, Germany
- Member of the Board of Directors of Expedeon Inc., San Diego, CA, USA
- Member of the Board of Directors of Hiram College, Hiram, Ohio, USA

**Information according to item 5.4.1 (para. 4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company (significant is a shareholding of at least 10%):

- Member of the Board of Directors of Expedeon Inc., San Diego, CA, USA

- (iii) Dr. Trevor Jarman,

Chief Executive Director of Natures Remedies Ltd., Cambridge, U.K.,

resident in Cambridge, U.K.

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Member of the Board of Directors of Expedeon Ltd, Cambridge, UK
- Chairman of The Board of Directors of Persavita Ltd, Cambridge, UK
- Chief Executive Director of Natures Remedies Ltd, Cambridge UK
- Member of the Board of Directors of Cambridge Cell Networks Ltd, Cambridge UK
- Member of the Board of Directors of Swangap Flat Management Ltd, Cambridge, UK
- Member of the Board of Directors of Protus Ltd, Cambridge, UK

**Information according to item 5.4.1 (4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company:

- Member of the Board of Directors of Expedeon Ltd, Cambridge, UK

(iv) Peter Llewellyn-Davis

Self-employed consultant specializing in part-time CFO management-support  
resident in Munich, Germany

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Non-executive director and chairman of audit committee of Shield Therapeutics, plc, London, UK

**Information according to item 5.4.1 (4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company:

None.

- (v) Maria Jesus Sabates Mas

Chairwoman of the Family Office of Sabatés Family, Barcelona, Spain  
resident in Barcelona, Spain

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Sole Administrator of Arceus Holding, S.L., Barcelona, Spain
- Chairwoman of the Board of Directors of Eurofragance, S.L., Barcelona, Spain
- Chief Executive Officer of Ever Smarter WW, S.L., Barcelona, Spain
- Chief Executive Officer of Ñaki Investments, S.L., Barcelona, Spain
- Chairwoman of the Board of Directors of OMB Self Storage, S.L., Barcelona, Spain
- Chief Executive Officer of Veriphi, S.L., Barcelona, Spain
- Member of the Board of Directors of Linked S&B Sociedad de Inversión de Capital Variable, S.A., Boadilla del Monte-Madrid, Spain

**Information according to item 5.4.1 (4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company:

None.

- (vi) Tim McCarthy,

Executive Director of Unnnamed Ltd., Cambridge, U.K.,

resident in Cambridge, U.K.

**Information according to Sec. 125 paragraph (1) p 5 AktG:**

Membership in other statutory Supervisory Boards and comparable domestic and foreign control bodies of business enterprises:

- Chairman of the Board of Directors of ImmuPharma PLC, London, U.K.
- Chairman of the Board of Directors of ARK Analytics Solutions Ltd., Cambridge, U.K.
- Member of the Board of Directors of Spear Therapeutics Ltd., Manchester, U.K.
- Chairman of the Board of Directors of Dropped Ltd., Cambridge, U.K.
- Chairman of the Board of Directors of Incanthera Ltd., Manchester, U.K.
- Chairman of the Board of Directors of Harvard Healthcare Ltd., Liverpool, U.K.
- Member of the Board of Directors of Wise old owl Ltd., Cambridge, U.K.
- Member of the Board of Directors of Frangipani Dreams Ltd., Cambridge, U.K.
- Member of the Board of Directors of Expedeon Holdings Limited, Cambridge, U.K.

**Information according to item 5.4.1 (4 et seq.) of the German Corporate Governance Code:**

Personal or business relations to enterprises, organs of the Company or a shareholder with a significant shareholding in the Company:

- Member of the Board of Directors of Expedeon Holdings Limited, Cambridge, U.K.

**7. Resolution on the cancellation of the remaining existing authorized capitals and creation of a new authorized capital in the amount of Euro 22,467,043.00 (Authorized Capital 2017); authorization of the Management Board to exclude subscription rights of shareholders with the consent of the Supervisory Board and corresponding amendment to the Articles of Association**

In view of the partial utilization of the currently existing authorized capital Management Board and Supervisory Board propose to adopt the following resolution:

- a) With effect from the entering of the amendment to the Articles of Association resolved under letter b) into the commercial register the existing authorized capitals 2016/I (Sec. 4 para. 4 of the Articles of Association) and 2016/II (Sec. 4 para. 5 of the Articles of Association), including the authorization granted for this purpose, is cancelled as far as it has not yet been utilized until then and the Management Board is authorized to increase, with the consent of the Supervisory Board, the share capital of the Company by and including 6 July 2022 by issuing new ordinary bearer shares as no-par-value shares against contributions in cash and/or in kind, once or several times, in total by not more than EUR 22,467,043.00 (Authorized Capital 2017). The subscription right may also be granted to shareholders in the manner that the new shares are taken over by a credit institute or a company acting under Sec. 53 para. 1 sentence 1 or Sec. 53b sentence 1 or para. 7 of the German Banking Act (*Gesetz über das Kreditwesen*) or any other company permitted under Sec. 186 para. 5 sentence 1 AktG, with the obligation to offer these shares to the shareholders for subscription (indirect subscription right). The Management Board may exclude the legal subscription right of the shareholders
- insofar as this is required to avoid fractional amounts,
  - in order to grant shares against contributions made in kind, in particular in the course of mergers with companies, in the course of the acquisition of companies, parts of companies or investments in companies or in the course of the acquisition of patents or similar rights or licenses or a pool of assets which constitutes a business,
  - insofar as it is required for protection against dilution to grant holders of convertible bonds and/or warrant bonds, convertible loans or warrants, which were or will be issued by the Company or the Company's subsidiaries, subscription rights for new shares to the extent that the holders would be entitled to after exercise of their conversion or option rights or performance of a conversion obligation, or
  - in case of a capital increase against contributions in cash if the partial amount of share capital pertaining to the new shares for which subscription rights are excluded

does not exceed 10% of the share capital registered at the time when the authorization becomes effective and when it is exercised and the issue price of the new shares does not substantially fall short, pursuant to Secs. 203 para. 1 and 2, 186 para. 3 sentence 4 AktG, of the market price of existing listed shares of SYGNIS AG. From the aforementioned partial amount of share capital, shares shall be deducted which were sold or issued or are to be issued during the term of this authorization pursuant to other authorizations under exclusion of subscription rights by direct or indirect application of Sec. 186 para. 3 sentence 4 AktG.

The Management Board is authorized to determine, with the consent of the Supervisory Board, the further details of the respective capital increase from authorized capital, the share rights and the share issuance.

b) Amendment to the Articles of Association:

Sec. 4 para. 4 of the Articles of Association is amended to read as follows:

“The Management Board is authorized to increase, with the consent of the Supervisory Board, the share capital of the Company by and including 6 July 2022 by issuing new ordinary bearer shares as no-par-value shares against contributions in cash and / or in kind, once or several times, in total by not more than EUR 22,467,043.00 (Authorized Capital 2017). The subscription right may also be granted to shareholders in the manner that the new shares are taken over by a credit institute or a company acting under Sec. 53 para. 1 sentence 1 or Sec. 53b sentence 1 or para. 7 of the German Banking Act (*Gesetz über das Kreditwesen*) or any other company permitted under Sec. 186 para. 5 sentence 1 AktG with the obligation to offer these shares to the shareholders for subscription (indirect subscription right). The Management Board may exclude the legal subscription right of the shareholders

- insofar as this is required to avoid fractional amounts,
- in order to grant shares against contributions made in kind, in particular in the course of mergers with companies, in the course of the acquisition of companies, parts of companies or investments in companies or in the course of the acquisition of patents or similar rights or licenses or a pool of assets which constitutes a business,
- insofar as it is required for protection against dilution to grant holders of convertible bonds and/or warrant bonds, convertible loans or warrants, which were or will be issued by the Company or the Company's subsidiaries, subscription rights for new

shares to the extent that the holders would be entitled to after exercise of their conversion or option rights or performance of a conversion obligation, or

- in case of a capital increase against contributions in cash if the partial amount of share capital pertaining to the new shares for which subscription rights are excluded does not exceed 10% of the share capital registered at the time when the authorization becomes effective and when it is exercised and the issue price of the new shares does not substantially fall short, pursuant to Secs. 203 para. 1 and 2, 186 para. 3 sentence 4 AktG, of the market price of existing listed shares of SYGNIS AG. From the aforementioned partial amount of share capital, shares shall be deducted which were sold or issued or are to be issued during the term of this authorization pursuant to other authorizations under exclusion of subscription rights by direct or indirect application of Sec. 186 para. 3 sentence 4 AktG.

The Management Board is authorized to determine, with the consent of the Supervisory Board, the further details of the respective capital increase from authorized capital, the share rights and the share issuance.”

Sec. 4 para. 5 of the Articles of Association is cancelled and amended to read as follows:

“(repealed)”

#### **Report of the Management Board regarding agenda item 7 of the ordinary General Meeting on 7 July 2017 on the reasons for excluding the subscription right of the shareholders**

The Management Board gives the following report pursuant to Sec. 186 para. 4 sentence 2 in connection with Sec. 203 para. 2 sentence 2 AktG on the reasons for the exclusion of the subscription right. The report as a part of this invitation is on display beginning with the day of the convocation of the General Meeting in the business premises of the Company as well as in the General Meeting and is upon request sent to any shareholder free of charge:

The suggested authorizations to increase the share capital of the Company against contributions are supposed to enable the Management Board to react, with the consent of the Supervisory Board, at short notice to short-term financial needs in connection with the implementation of strategic decisions. The suggested authorizations and concurrent cancellation of the remaining authorized capitals existing at the time of registration shall give the option to increase the share capital in the maximum amount that is possible and with the maximum permissible term.

In principle, the new shares originating from the use of the authorized capital shall be offered to the shareholders for subscription. The subscription right may also be granted to shareholders in the manner that the new shares are taken over by a credit institute or a company acting under Sec. 53 para. 1 sentence 1 or Sec. 53b sentence 1 or para. 7 of the German Banking Act (*Gesetz über das Kreditwesen*) or any other company permitted under Sec. 186 para. 5 sentence 1 AktG with the obligation to offer these shares to the shareholders for subscription (Secs. 203 para. 1, 186, para. 5 sentence 1 AktG). The Management Board is however authorized to exclude the subscription right of the shareholders, with the consent of the Supervisory Board, in whole or in part in certain cases and to determine the further details of the respective capital increase and the conditions of the share issuance.

The authorizations to exclude the subscription right with the consent of the Supervisory Board to avoid fractional amounts serve the purpose to allow a practical subscription ratio with regard to the amount of the respective capital increase. Fractional amounts can result from the subscription ratio and possibly cannot be allotted equally to all shareholders. Before the registration of the capital increase a shareholder may be entitled to an amount of shares that does not allow an even subscription ratio in case of the implementation of the capital increase for cash. The partial amounts that are excluded from the subscription right in order to achieve an even subscription ratio are not of a significant scale and will be utilized by sale on the stock exchange or in any other manner in the best possible way for the Company. If an even subscription ratio is possible without any problems there will be no exclusion of the subscription right of shareholders for fractional amounts.

The suggested authorizations to exclude the subscription right with the consent of the Supervisory Board in case of a capital increase against contribution in kind serve the purpose to allow the granting of shares in SYGNIS AG as consideration in the course of mergers with companies, in the course of the acquisition of companies, parts of companies or investments in companies or in the course of the acquisition of patents or similar rights or licenses or a pool of assets which constitutes a business. SYGNIS AG is subject to European and global competition. The Company needs to be in the position at all times to be able to act rapidly and flexibly on the international markets in the interest of its shareholders. This includes the option to acquire companies, parts of companies or investments in companies or patents or similar rights or licenses or a pool of assets which constitutes a business in order to strengthen its competitiveness. As the case may be, it may be ideal for the interests of the shareholders and the Company to use this option by carrying out the acquisition in whole or in part by granting shares in SYGNIS AG. The suggested authorizations to exclude the subscription right are supposed to give SYGNIS AG the required flexibility to make use of opportunities which present themselves to acquire companies, parts of companies or investments in companies etc. rapidly and flexibly.

A capital increase for such acquisitions must often be carried out at short notice. For this reason it is necessary to create an authorized capital with the option to exclude subscription rights. This also protects the Company's liquidity resources. It does lead to a reduction of the shareholding percentage



and the voting rights percentage (dilution) of the existing shareholders of SYGNIS AG. In case of the granting of a subscription right it would not be possible to realize the advantages for SYGNIS AG and its existing shareholders offered by the acquisition of companies, parts of companies or investments in companies or in the course of the acquisition of patents or similar rights or licenses or a pool of assets which constitutes a business against shares in SYGNIS AG. For SYGNIS AG this is of high importance. SYGNIS AG is still a rather small market participant and actively looking for opportunities to integrate other businesses. Currently SYGNIS AG is aware there are chances for acquisitions also as a partial of full share for share transaction and the management would like to further investigate such opportunities in the interest of the Company and its shareholders in the near future.

If opportunities for such an acquisition present themselves the Management Board will carefully assess whether it will make use of one of the authorizations to increase the share capital under exclusion of subscription rights. It will only do so if the acquisition against issue of SYGNIS shares is in the best interests of the Company. Only if these requirements are met, the Supervisory Board will give its legally required consent to the use of the authorized capital.

Should new no-par-value shares be offered to shareholders for subscription, holders of convertible bonds and/or warrant bonds, convertible loans or warrants must usually either be offered a subscription right for new shares to the extent that the holders would be entitled to after exercise of their conversion or option rights or performance of a conversion obligation or the option or conversion price must be reduced in accordance with the respective terms and conditions of the convertible bonds and/or warrant bonds, convertible loans or warrants. This provides the holders with a protection against dilution. By means of the suggested resolution the Management Board of the Company wishes to allow itself to choose carefully between both options when using the authorized capital.

Finally, the Management Board shall be authorized to exclude the subscription right with the consent of the Supervisory Board if the requirements on the amount and the other requirements made by Sec. 186 para. 3 sentence 4 AktG have been fulfilled. The partial amount of share capital pertaining to the new shares for which subscription rights are excluded will not exceed 10 % of the share capital registered at the time when the respective authorization becomes effective and when it is exercised. Regarding the 10 % limit shares shall be set off which were sold or issued or are to be issued during the term of the respective authorization pursuant to other authorizations under exclusion of subscription rights by direct or indirect application of Sec. 186 para. 3 sentence 4 AktG. A discount from the current stock exchange price will probably be no more than 3 % but will in any case not exceed the maximum legally permitted discount (currently 5 % of the stock exchange price).

These authorizations to exclude subscription rights is supposed to enable the management to react at short notice to favourable stock exchange situations and, using a price determination close to the market, to achieve the highest possible issue price and strengthen the equity and liquidity to the

greatest possible degree. Due to the possibility to act faster and taking into account past experiences, such a capital increase leads to higher funds than a comparable capital increase with shareholder subscription rights. Accordingly, it lies in the interests of the Company and its shareholders. It does lead to a reduction of the shareholding percentage and the voting rights percentage (dilution) of the existing shareholders of SYGNIS AG. Shareholders who want to avoid this dilution of their voting rights percentage and shareholding percentage can acquire the respective amount of shares via the stock exchange.

The Management Board will assess in each individual case whether it shall make use of the authorizations it has been granted when opportunities present themselves where subscription rights can be excluded. It will only exclude subscription rights if the measures are within the bounds that have been described in this report to the General Meeting in an abstract fashion and if the measures are in the best interests of the Company. Furthermore, only in this case the Supervisory Board will give its consent.

The Management Board will report to the General Meeting on each use of the authorized capital.

**8. Resolution on an amendment to the Articles of Association regarding the term of office of the Supervisory Board**

Management Board and Supervisory Board propose to adopt the following resolution:

Sec. 8 para. 3 of the Articles of Association is amended to read as follows:

“Any member of the Supervisory Board may resign from office for good cause without observing a notice period. If there is no good cause for resignation, a notice period of three weeks needs to be observed. The resignation shall be submitted to the Management Board in writing, notifying the Chairman of the Supervisory Board.”

**- End of the Agenda -**

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### **Total number of shares and voting rights**

The share capital of the Company is at the time of the convening of the General Meeting EUR 37,617,291.00. It is divided into 37,617,291 shares of the Company. Each share carries one vote at the AGM, the total number of votes is therefore 37,617,291. The company holds at the time of the convening of this meeting no treasury shares. Different classes of shares do not exist.

### **Attend the General Meeting and exercise voting rights**

To participate in the General Meeting and exercise their voting rights, shareholders are entitled, if they have applied to the address below before the General Meeting

SYGNIS AG  
c/o Computershare Operations Center  
80249 Munich  
Fax: +49 89 30903-74675  
e-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

with evidence of their shareholding sign (in one of said transmission lines). For the proof of the shareholding, proof of share ownership in text form by the depositary institution is sufficient. Such evidence can be in German or English. The registration and proof have to be presented to the Company, at the latest six days before the meeting, i.e. no later than **30 June 2017, 24.00 h, CEST**. The proof has to relate to the beginning of the 21st Day before the General Meeting, i.e. to **16 June 2017, 0.00 h CEST** ('record date').

In relation to the Company for attending the meeting and exercise their voting rights as shareholders only those are accepted who have provided the above proof of share ownership on the record date. The right to participate and the extent of the voting right here are determined exclusively on the shares held on the record date. Changes in shareholdings after the record date will not affect the right to participate and the number of voting rights. Shareholders who have acquired their shares after the record date may, with these shares in their own name not attend the AGM. The record date has no effect on the transferability of the shares and is not relevant for a possible dividend calculation.

Shareholders are requested (without being obliged) to submit the application and the above proof of share ownership by filling out the forms for admission tickets provided via their custodian banks and financial institution early and to return them to their custodian bank to ensure the timely submission of proof of ownership. After due notice of receipt of the application, including proof of ownership to the Company, the shareholders or the duly authorized representative will receive tickets for the Annual General Meeting.

According to Sec. 21 et seq. of the German Securities Trading Act (WpHG) and the existing disclosure requirement provided for in Sec. 28 WpHG legal consequence of the suspension of fundamental rights of all of the shares in violation of a duty of notification is made.

### **Procedure for voting by proxy**

Every shareholder has the right to vote at the Annual General Meeting by a proxy, such as a bank, a shareholders' association or any other person of his discretion. Even in the case of a proxy, timely registration and proof of share ownership to participate in the General Meeting and exercise their voting rights are required as stated above. In case a shareholder gives proxy to more than one person, the Company will only consider the proxy which it has first received and will decline any proxy received afterwards.

For full powers, not from banks, pursuant to Sec. 135 para (10) AktG in conjunction with Sec. 125 paragraph (5) AktG equivalent institutions, enterprises and shareholders' associations or other according to Sec. 135 para (8) AktG, equivalent persons granted will apply: The appointment of a proxy, its revocation and proof of authorization to the Company has to be in text form (Sec. 126b BGB). Tickets for the Annual General Meeting will include an appropriate form in accordance with Sec. 30a paragraph (1) No. 5 WpHG, that can (but does not have to) be used for proxy voting. A form is also available on the Company's website ([www.sygnis.com](http://www.sygnis.com)) under the heading "Investors" and the motto of "Annual General Meeting" under "Annual General Meeting 2017" available for download. The Company also submits a form on request free of charge.

Proof of authorization may be provided on the day of the meeting by the shareholder or the proxy at the meeting venue. Furthermore, evidence of the appointment of a proxy shall also be sent to the following address (using one of the above submission forms will suffice):

*SYGNIS AG*  
*c/o Computershare Operations Center*  
*80249 Munich*  
*Fax: +49 89 30903-74675*  
*electronically: <https://ip.computershare.de/sygnis>*

To use the password-protected proxy platform <https://ip.computershare.de/sygnis> an online password is required, which is printed on the ticket, which is sent to shareholders. A power of attorney and the submission of the revocation of a proxy and any changes can be made using the password-protected proxy platform. More information on the use of password-protected proxy platform can be found on the above website.

For the authorization of banks, equivalent institutions and companies pursuant to Sec. 135 para (10) AktG in conjunction with Sec. 125 paragraph (5) AktG as well as shareholders' associations or other persons treated as such according to Sec. 135 para (8) AktG, for the revocation and proof of such

appointment or revocation of the statutory provisions, particularly Sec. 135 AktG applies. Shareholders who wish to authorize a bank, a shareholders' association or another, assimilated with this person or institution will be asked to coordinate with those on the form of proxy.

In addition, we offer our shareholders, to be represented in accordance with instructions given by proxies appointed by the Company in the General Meeting. The shareholders who wish the Company-nominated proxy appoint a proxy must also sign as mentioned above correctly to the Annual General Meeting and prove their ownership. The Company-nominated proxies is only authorized to exercise voting rights, unless there is a specific instruction (instruction-bound proxies). Without providing the appropriate instruction, the proxy is invalid. The proxy is required to vote in accordance with the instructions given to him. The proxies of the Company will not accept any authority to file objections against shareholder resolutions, to pursue the issue and ask questions or to file motions. On applications for which there are no resolutions proposed by the Board and / or Supervisory Board with this invitation advertised, the voting representatives of the Company accept no instructions. Information about the proxies appointed by the Company as well as the form for the appropriate attorney and voting instructions are derived from the documents that are sent to the shareholders together with the ticket, and are also available for download on the Company's website ([www.sygnis.com](http://www.sygnis.com)) the heading "Investors" and the motto of "Annual General Meeting" under "Annual General Meeting 2017".

The power of attorney and instructions to the proxies of the Company before the Annual General Meeting should be, accompanied by the ticket or mention the ticket number, received, if possible, no later than **4 July 2017, 24.00 h CEST**, and must be in any case only in text form sent to the following address, fax no. or e-mail address (to use one of the above submission forms will suffice):

SYGNIS AG  
c/o Computershare Operations Center  
80249 Munich  
Fax: +49 89 30903-74675  
e-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

For organizational reasons, the Company does not guarantee that incoming powers of attorney, revocations of powers of attorney, transfers or changes to directives received after the **4 July 2017, 24.00 h CEST**, at the above address, fax number or e-mail address can still be considered. But there is the possibility of authorizing the proxy of the Company, revocation of the proxy granted power of attorney, giving instructions and changes to directives on the date of Annual General Meeting until just before the vote on this at the entrance and exit control to the AGM.

To shareholders who have registered correct by and in time and are present at the Annual General Meeting, we offer to entitle the Company-nominated proxy to represent them in the General Meeting to exercise their voting rights.

**Information on the rights of shareholders under Secs. 122, paragraph (2), 126, paragraph (1), 127, 131 AktG**

**Shareholder proposals to amend the agenda according to Sec. 122 paragraph (2) AktG**

Shareholders holding more than one twentieth of the share capital or a proportionate amount of EUR 500,000.00 may request that items be placed on the agenda and announced. Each request must be accompanied by a justification or a draft resolution. Applicants must prove that they are owner of a sufficient number of shares (Sec. 122, paragraph (2) sentence 1, paragraph (1), sentence 3 AktG) for the duration of the legally required minimum holding period of three months. The right to demand transfer from a bank, financial services institution or according to Sec. 53 (1) sentence 1 or Sec. 53b section (1) sentence 1 or paragraph (7) of the Act on the banking company operating the same (Sec. 70 sentence 1 AktG) shall be deemed equivalent to ownership. The property time of a predecessor is attributed to the shareholder if he has the stock charge, purchased by his trustee, as legal successors in discussion of a community or a stock transfer under Sec. 14 of the Insurance Supervision Act or Sec. 14 of the law on building societies (Sec. 70 sentence 2 AktG). The request must be in writing to the Management Board of SYGNIS, Waldhofer Straße 104, 69123 Heidelberg, and must reach the Company at least 30 days before the General Meeting, i.e. no later than **6 June 2017, 24.00 h CEST**.

Additions to the agenda - if they are not already acquainted with the notice – are being published immediately after the request in the Federal Gazette and are sent for publication to those media, which are assumed to disseminate the information throughout the European Union. They are also made available on the Company's website ([www.sygnis.com](http://www.sygnis.com)) under the heading "Investors" and the motto of 'AGM' under 'AGM 2017'.

**Inquiries, counter proposals and nominations pursuant to Secs. 126, paragraph (1), 127 AktG**

According to Sec. 126, paragraph (1) AktG shareholder proposals, including the name of the shareholder, the justifications and any possible statement of the administration are to be made available to the authorized persons and under the conditions in Sec. 125 paragraph (1) (3) AktG if the shareholder at least 14 days before the meeting, therefore, until **22 June 2017, 24.00 h CEST**, has sent to the Company a counter proposal to a proposal of the Management Board and Supervisory Board on a specific agenda item with justification to the address given in the notice. A counter-motion and the justifications need not be made available if the conditions of Sec. 126 paragraph (2) AktG apply.

According to Sec. 127 AktG, Sec. 126 AktG shall apply mutatis mutandis to the proposal by a shareholder for the election of members of the Supervisory Board or auditors. The nomination does not need to be justified. The Management Board also does not need to make available a nomination if the proposal does not include name, profession and place of residence of the nominee. A proposal for the election of Supervisory Board members also does not need to be made available, if it does not include membership of the nominees in other statutory Supervisory Boards.

Applications and nominations by shareholders must be sent to the following address, fax number or e-mail address (use one of the above forms is sufficient transmission):

SYGNIS AG  
c/o Computershare Operations Center  
Elsenheimerstraße 61  
80687 Munich  
Fax: +49 89 30903-333  
e-mail: [gegenantraege@computershare.de](mailto:gegenantraege@computershare.de)

Otherwise addressed and nominations will not be considered. Proposals and election proposals, received in good time, together with possible statements by the administration in accordance with the laws, are provided on the Company's website ([www.sygnis.com](http://www.sygnis.com)) under the heading "Investors" and the motto of 'AGM' under 'AGM 2017'.

We point out that counter-motions and nominations that have been sent in advance to the Company in due time, will only be considered at the General Annual Meeting if they are made orally in the AGM.

The right of each shareholder to provide counter motions - even without prior and proper submission - to the Company during the General Meeting on the various items on the agenda or to submit nominations, remains unaffected.

### **Right under Sec. 131 paragraph (1) AktG**

Any shareholder or shareholder representative is entitled to receive upon request from the Management Board information concerning the affairs of the Company during the General Meeting, provided that such information is required for a proper evaluation of the agenda item, and there is no legal right to refuse such information. The duty extends to the legal and business relationships with affiliated companies as well as the position of the SYGNIS-Group and the companies integrated into the consolidated financial statements.

Requests for information in the Annual General Meeting in principle are to be made orally during the debate. Under the provisions of Sec. 131 paragraph (3) AktG, the Management Board is authorized to

refuse provision of information. According to Sec. 11 paragraph (9) of the Articles of Association, the Chairman may limit the questions and statements of the shareholders to a reasonable time.

Heidelberg, in May 2017

SYGNIS AG

The Management Board (*Vorstand*)

**Notice for requests pursuant to Sec. 125 AktG:**

According to Sec. 3 para. 2 of the Articles of Association of our Company, SYGNIS is entitled to submit information by using electronic media. Due to this fact announcements according to Sec. 125 AktG will not be available as printed versions. Submitting fees will only be reimbursed for electronic announcements according to Sec. 1 No. 2 of the respective rules for reimbursement of fees of financial institutions (“Verordnung über den Ersatz von Aufwendungen der Kreditinstitute”).

Please send your order directly to our service provider Computershare Operations Center, 80249 Munich, Fax: +49 89 30903-74675, e-mail: 125-Anforderung@computershare.de.