

Explanations on shareholder rights (pursuant to sections 122 (2), 126 (1), 127, 131 (1) of the German Stock Corporation Act in conjunction with Section 1 (2) COVID-19 Act)

Act to Mitigate the Consequences of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law dated March 27, 2020 (last amended by Section 11 of the Act on the Further Shortening of Residual Debt Relief Proceedings and on the Adjustment of Pandemic-Related Provisions in Corporate Law, the Law Governing Cooperatives, Associations and Foundations, and in Tenancy and Patent Law dated December 22, 2020), (hereinafter “COVID-19 Act“)

Article 2

Act on Measures in Corporate Law, the Law Governing Cooperatives, Associations, and Foundations, and Condominium Property Law to Combat the Effects of the COVID-19 Pandemic

Section 1

Stock Corporations; Limited Partnerships with Shares; European Companies (SEs); Mutual Insurance Companies (excerpt)

- (1) Decisions regarding shareholder participation in the annual meeting of shareholders via electronic communications pursuant to Section 118 para. 1 sentence 2 of the Stock Corporation Act (*Aktien-gesetz*) (electronic participation), casting votes via electronic communications pursuant to Section 118 para. 2 of the Stock Corporation Act (postal voting), supervisory board member participation by means of audio and video transmission pursuant to Section 118 para. 3 sentence 2 of the Stock Corporation Act, and allowing audio and video transmission pursuant to Section 118 para. 4 of the Stock Corporation Act can be made by the company’s management board even where such authority has not been granted under the articles of association or rules of procedure.
- (2) The management board can decide that the annual meeting of shareholders is to be held as a virtual meeting without the physical presence of the shareholders or their authorized representatives, provided that
 1. the audio and visual transmission covers the entire general meeting,
 2. the shareholders are able to exercise their voting rights via electronic communications (postal voting or electronic participation) as well as by appointing proxies,
 3. the shareholders are granted a right to raise questions by way of electronic communication,
 4. waiving the requirement of personal appearance at the meeting, the shareholders exercising their voting rights in accordance with no. 2 are given the opportunity, Section 245 no. 1 of the Stock Corporation Act notwithstanding, to object to a resolution to be decided on at the annual meeting of shareholders.

The management board is at liberty to decide after due consideration and at its discretion how it answers questions; it may also stipulate that questions submitted electronically shall be received no later than one day before the shareholders’ meeting. Motions and nominations from shareholders that must be made available pursuant to § 126 or § 127 of the German Stock Corporation Act are considered submitted during the meeting if the shareholder who submits the motion or nomination has been properly legitimated and registered for the shareholders’ meeting.

- (3) Section 123 para. 1 sentence 1 and para. 2 sentence 5 of the Stock Corporation Act notwithstanding, the management board may make the decision regarding convening the annual meeting of shareholders by the 21st day prior to the date of the meeting at the latest. Section 123 para. 4 sentence 2 of the Stock Corporation Act notwithstanding, in the case of publicly traded companies, the date of record for proof of share ownership is to be the start of the 12th day prior to the meeting, and in the case of bearer shares of the company, such proof must be received at the address provided for this purpose in the notice of the meeting no later than on the fourth day prior to the annual meeting of shareholders, insofar as the management board does not stipulate in the notice of the annual meeting of shareholders that there will be a shorter cut-off period for the company to receive proof of share ownership; deviating provisions in the bylaws are to be disregarded. In the event the decision to convene falls closer to the date of the meeting as set out in sentence 1, the notice as per Section 125 para. 1 sentence 1 of the Stock Corporation Act must be sent no later than 12 days prior to the meeting, and the notice as per Section 125 para. 2 of the Stock Corporation Act must be sent to the party entered in the share register as of the start of the 12th day prior to the annual meeting of shareholders. In the aforementioned case, Section 122 para. 2 of the Stock Corporation Act notwithstanding, the company must be in receipt of any amendment proposals at least 14 days prior to the company's meeting.
- (4) Section 59 para. 1 of the Stock Corporation Act notwithstanding, the management board can decide, even where such authority has not been granted under the bylaws, to pay out to shareholders an interim dividend based on net profit pursuant to Section 59 para. 2 of the Stock Corporation Act. Sentence 1 applies analogously to a partial payment towards the compensatory payment (Section 304 of the Stock Corporation Act) to be made to external shareholders under an intercompany agreement.
- (5) Section 175 para. 1 sentence 2 of the Stock Corporation Act notwithstanding, the management board can decide that the annual meeting of shareholders is to be held within the financial year.
- (6) The management board's decisions as set out in (1) through (5) require the approval of the supervisory board. Section 108 para. 4 of the Stock Corporation Act notwithstanding and irrespective of the provisions in the articles of association or rules of procedure, the supervisory board can vote on resolutions of approval in writing, by telephone, or other comparable form without its members being required to be physically present.
- (7) Additionally, the provision set out in Section 243 para. 3 no. 1 of the Stock Corporation Act notwithstanding, a legal action to set aside a resolution adopted at the annual meeting of shareholders may not cite violations of Section 118 para. 1 sentences 3 through 5, para. 2 sentence 2, or para. 4 of the Stock Corporation Act, the violation of formal notification requirements as per Section 125 of the Stock Corporation Act, or violation of subsection (2) herein as its foundation, except where willful misconduct on the part of the company can be shown.

Section 7

Application Provisions

- (1) Section 1 applies to such annual meetings of shareholders held and interim dividend payments based on net profit made in the year 2020 and in the year 2021.
- (2) Section 2 applies to such shareholder meetings held and resolutions adopted in the year 2020 and in the year 2021.
- (3) Section 3 para. 1 and 2 apply to general meetings and meetings of representatives held in 2020 and in the year 2021, Section 3 para. 3 to annual financial statements formally approved in 2020 and in the year 2021, § 3(4) to interim dividends paid out in 2020 and in the year 2021, Section 3 para. 5 to management board or supervisory board member appointments expiring in 2020 and in the year 2021, and Section 3 para. 6 to management or supervisory board meetings of a cooperative or their joint meetings held in 2020 and in the year 2021.
- (4) Section 4 applies only to such register entries made in 2020.
- (5) Section 5 applies only to association or foundation board member appointments expiring in 2020 and in the year 2021 and meetings of association members held in 2020 and in the year 2021.

1. Motions to add items to the agenda submitted by a minority pursuant to Section 122 (2) German Stock Corporation Act

Shareholders whose total shareholdings are equivalent to 1/20th of the Company's share capital (i.e. 1,553,319 no par value shares) or the notional amount of EUR 500,000.00 (i.e. 500,000 no par value shares) may request to have items placed on the agenda and published. Every request for a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request shall be sent to the Executive Management Board of Heidelberg Pharma AG, in writing, and the Company must receive it no later than 30 days before the Annual General Meeting, i.e. no later than by the end of 17 April 2021 (24:00 hours CEST) at the following address:

The Executive Management Board of Heidelberg Pharma AG
Gregor-Mendel-Str. 22
68526 Ladenburg
Germany

The submitter of the application must provide evidence of having held the shares for at least 90 days prior to the date of receipt of the application and of holding the shares until a decision is made on the application by the Executive Management Board; Section 70 German Stock Corporation Act is applicable to the calculation of holding period of the shares. The day the application is received is not counted. If a deadline falls on a Saturday, Sunday or holiday, it shall not be advanced to a preceding or postponed to a subsequent business day. Sections 187 to 193 of the German Civil Code shall not be applicable mutatis mutandis.

Any supplements to the agenda that must be published – provided they were not already made public at the time the AGM was convened – shall be published in the Federal Gazette immediately after the request has been received and shall also be furnished to such suitable media as may be expected to disseminate the information throughout the European Union. They shall also be published on the Internet and communicated to the shareholders at <https://heidelberg-pharma.com/en/AGM>.

The relevant sections of the German Stock Corporation Act upon which those share-holder rights are based are as follows:

Section 122 of the German Stock Corporation Act: Convening a meeting upon the request of a minority

- (1) A general meeting shall be convened if shareholders whose aggregate holding is not less than one-twentieth of the share capital require such meeting in writing, stating the purpose and grounds; such request shall be addressed to the management board. The articles of association may provide that the right to request a general meeting is to depend on another form and on holding a lower proportion of the share capital. The applicants have to prove that they have been shareholders for at least 90 days prior to the day of the receipt of the demand and that they will continue to hold the shares until the decision of the managing board regarding their request is made. Section 121 para. 7 shall apply correspondingly.
- (2) In the same way shareholders, whose shares amount in aggregate to not less than one-twentieth of the share capital or represent a proportional amount of not less than 500,000 Euro, may request to have items placed on the agenda and published. Every request for a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request in accordance with sentence 1 must be received by the Company at least 24 days, in case of public companies at least 30 days prior to the general meeting; whereby the day of the receipt is not counted.
- (3) If any such request is not complied with, the court may authorize the shareholders who made the request to convene a general meeting or publish such items. At the same time the court may appoint the chairman of the meeting. The notice of the meeting or the publication shall refer to such authorization. An appeal may be made against the decision of the court. The applicants have to prove that they will continue to hold the shares until the decision of the court is made.
- (4) The Company shall bear the costs of the general meeting and, in the case of paragraph (3), also the court costs if the court grants the application.

Section 124 of the German Stock Corporation Act: Publication of requests for supplements; proposals for resolutions (excerpt)

- (1) If the minority has requested pursuant to Section 122 para. 2 that items shall be added to the agenda, these items shall be published either upon convening the meeting or immediately following receipt of the request. Section 121 para. 4 shall apply analogously; moreover, Section 121 para. 4a shall apply analogously to public companies. Publication and submission shall be made in the same way as applicable for convening the meeting.

Section 121 of the German Stock Corporation Act: General provisions (excerpt)

- (4) The convening of the general meeting shall be published in the company's journals. If the shareholders of the Company are known by name, the shareholders' meeting may be convened by registered letter, unless the articles of association provide otherwise; the day of dispatch shall be considered the day of publication. A notification to those registered in the shareholders' register is sufficient.
- (4a) In case of public companies which have not exclusively issued registered shares or which do not send the convention directly to the shareholders pursuant to para. 4 sentence 2, the notice shall, at the latest on the date of announcement, be furnished to such suitable media as may be expected to disseminate the information throughout the European Union.
- (7) In case of deadlines and dates which are calculated back from the date of the meeting, the day of the meeting itself shall not be included in the calculation. Adjourning the meeting from a Sunday, Saturday or a holiday to a preceding or following working day shall not be an option. Sections 187 to 193 of the German Civil Code (Bürgerliches Gesetzbuch) shall not be applied analogously. In case of unlisted companies, the articles may provide for a different calculation of the deadline.

Section 70 of the German Stock Corporation Act: Computation of the period of shareholding

If the exercise of rights arising from a share shall require the shareholder to have been the holder of the share for a certain period of time, the right to claim transfer from a bank, a financial services institution or an enterprise active according to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the Banking Act shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor in title shall be attributed to the shareholder, if he acquired the share without consideration from his fiduciary, as universal successor, upon severance of co-ownership, or as a result of a transfer of assets pursuant to section 13 of the Insurance Supervision Act or section 14 of the Building Savings Bank Act.

2. Counter-applications pursuant to Section 126 (1) and nominations pursuant to Section 127 German Stock Corporation Act and Section 1 (2) sentence 3 COVID-19 Act

In addition, the Company's shareholders may send counter-applications to proposals of the Executive Management Board and/or the Supervisory Board concerning specific agenda items as well as nominations in connection with the election of Supervisory Board members or auditors. Counter-applications (including any supporting statement), shareholder nominations, and other shareholder requests regarding the Annual General Meeting are to be sent exclusively to the following address:

Heidelberg Pharma AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany

Fax: +49 (0)89 / 889 690 655

E-mail: antraege@better-orange.de

Counter-applications and nominations that are sent to any other address shall not be considered. Better Orange IR & HV AG has been officially designated to receive counter-applications and nominations on behalf of the Company.

All counter-applications and nominations received up to 14 days prior to the day of the Annual General Meeting, i.e., no later than by the end of the day on 3 May 2021 (24:00 hours CEST) at the above-stated address, fax number, or e-mail address with proof of share ownership, including the name of the shareholder and any supporting statements to be made available, will be made available online to the other shareholders after their receipt at <https://heidelberg-pharma.com/en/AGM>, provided the other conditions underlying the publication requirement under Section 126 German Stock Corporation Act have been met. Statements, if any, by the Company's management will also be posted at the aforementioned Internet address. Only counter-applications and nominations received by the end of the day on 3 May 2021 (24:00 hours CEST) will be deemed duly submitted for purposes of the virtual Annual General Meeting ; counter-applications and nominations received after that point will be disregarded.

Aside from the reasons set forth in Section 126 (2) of the German Stock Corporation Act, the Executive Management Board also need not make a nomination available if the proposal does not contain the candidate's name, profession and domicile. Proposals concerning the election of Supervisory Board members need not even be made available if they are not accompanied by information on the proposed candidate's appointments to other statutory supervisory boards as defined in Section 125 (1) sentence 5 of the German Stock Corporation Act.

Counter-applications or nominations for election submitted by shareholders which must be made available pursuant to Section 126 or Section 127 German Stock Corporation Act shall be deemed to have been made at the Annual General Meeting in accordance with Section 1 (2) sentence 3 COVID-19 Act, if the shareholder submitting the application or nomination is duly authorized and has duly registered for the Annual General Meeting.

The relevant sections of the COVID-19 Act and the German Stock Corporation Act upon which those shareholder rights are based and which also set forth under which preconditions counter-proposals and election proposals do not need to be made available are as follows:

Section 1 COVID-19-Act (...) (excerpt)

(2) The management board can decide that the annual meeting of shareholders is to be held as a virtual meeting without the physical presence of the shareholders or their authorized representatives, provided that

1. [...],

...

Motions and nominations from shareholders that must be made available pursuant to § 126 or § 127 of the German Stock Corporation Act are considered submitted during the meeting if the shareholder who submits the motion or nomination has been properly legitimated and registered for the shareholders' meeting.

Section 126 of the German Stock Corporation Act: Propositions by shareholders

- (1) Information on shareholders propositions, including the respective shareholder's name, as well as the underlying reasons for the proposition and statements, if any, by the Management need only be given to the beneficiaries pursuant to section 125 para. 1 through 3, if the shareholder submits to the company at the address specified his counter-application stating the reasons for it to a proposal of the executive management board and the supervisory board concerning a specific agenda item at the latest 14 days prior to the general meeting. The day of the receipt is not counted. Public companies have to publish the propositions on their webpage. Section 125 para. 3 applies accordingly.
- (2) Information on a counter-application and the reasons therefor need not be given, if:
 1. the executive management board would by reason of giving such information become criminally liable;
 2. the counter-application would result in a resolution of the general meeting which would be unlawful or in breach of the articles;
 3. the grounds contain statements which are manifestly false or misleading in material respects or which are defamatory;
 4. a counter-application of such shareholder based on the same facts has already been communicated to a general meeting of the company pursuant to section 125;
 5. the same counter-application of such shareholder on essentially identical grounds has already been communicated pursuant to section 125 to at least two general meetings of the company within the past five years and at such general meetings less than one-twentieth of the share capital represented voted in favour of such counter-application;
 6. the shareholder indicates that he will neither attend nor be represented at the general meeting; or
 7. within the past two years at two general meetings the shareholder failed to move or cause to be moved on his behalf a counter-application communicated by him.

The statement of grounds need not be communicated if it exceeds 5,000 figures.

- (3) If several shareholder make counter-applications in respect of the same resolution, the management board may combine such counter-applications and their statements of grounds.

Section 127 sentences 1 to 3 of the German Stock Corporation Act: Nominations by shareholders

Section 126 shall apply analogously to nomination by a shareholder for election of supervisory board members or auditors. Such nomination need not be supported by statement of grounds. Nor need the executive management board give notice of such nomination if it fails to contain the particulars required by section 124 para. 3 sentence 4 and section 125 para. 1 sentence 5.

Section 124 of the German Stock Corporation Act: Publication for requests for supplements; proposals for resolutions (excerpt)

- (3)...The nomination for the election of supervisory board members or auditors shall state their name, profession and domicile. ...

Section 125 of the German Stock Corporation Act: Communications to shareholders and Members of the Supervisory Board (excerpt)

- (1) ...In case of listed companies details on the membership in other supervisory boards to be established pursuant to statutory provisions must be added to any nomination for the election of supervisory board members; details on their membership in comparable domestic and foreign controlling bodies of enterprises shall be added.

Section 137 of the German Stock Corporation Act: Voting on nomination made by shareholders

If a shareholder has made a nomination for the election of members of the supervisory board pursuant to section 127 and proposes at the general meeting the election of the person nominated by him, such proposal shall be resolved upon prior to consideration of the proposal of the supervisory board if a minority of shareholders whose aggregate holding is at least one-tenth of the share capital represented at the meeting so requests.

3. Shareholders' right to information pursuant to Section 131 (1) German Stock Corporation Act and Section 1 (2) COVID-19 Act / shareholders' right to ask questions

When a virtual Annual General Meeting is held pursuant to Section 1 (2) COVID-19 Act, the shareholders' right to receive information as set out in Section 131 (1) of the German Stock Corporation Act narrows. Under the COVID-19 Act, the only right available to shareholders is to raise questions via electronic communications (Section 1 (2) sentence 1, no. 3). Additionally, the Executive Management Board may stipulate that questions be submitted no later than one day before the meeting (Section 1 (2) sentence 2 (second half) COVID-19 Act). With the approval of the Supervisory Board, the Heidelberg Pharma AG Executive Management Board has availed itself of this option as follows:

Duly registered shareholders will have the opportunity to ask questions via electronic communications from 27 April 2021, 00:00 hours CEST (see Section 1 (2) sentence 1, no. 3 COVID-19 Act). Questions are to be submitted no later than 24 hours before the Annual General Meeting, i.e. no later than 17 May 2021, 11:00 a.m. CEST via the password-protected area accessible at <https://heidelberg-pharma.com/en/AGM> by following the procedures intended for that purpose.

Questions submitted after the above-mentioned deadline has passed or submitted in a language other than German will not be considered. As a rule, it is possible for the party raising the question to be identified by name during the question-and-answer period.

The Executive Management Board will decide, at its discretion and in keeping with its obligations under Section 1 (2) sentence 2 (first half) COVID-19 Act, how it will respond to questions.

The provisions of the COVID-19 Act and the Stock Corporation Act on which these shareholder rights are based are as follows:

Section 1 COVID-19-Act (...) (excerpt)

- (2) The management board can decide that the annual meeting of shareholders is to be held as a virtual meeting without the physical presence of the shareholders or their authorized representatives, provided that
 1. [...],
 2. [...],
 3. the shareholders are granted a right to raise questions by way of electronic communication,
 4. [...].

The management board is at liberty to decide after due consideration and at its discretion how it answers questions; it may also stipulate that questions submitted electronically shall be received no later than one day before the shareholders' meeting.

Section 131 of the German Stock Corporation Act: Shareholders right to information

- (1) Each shareholder shall upon request be provided with information at a general meeting by the Executive Management Board regarding the Company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any connected enterprise. If a company makes use of the simplified procedure pursuant to Section 266 (1) sentence 3, Section 276 or Section 288 of the German Commercial Code (*Handelsgesetzbuch*), each shareholder may request that the annual financial statements be presented to him at the general meeting on such annual financial statements in the form which would have been used if such simplified procedures were not applied. The disclosure obligation of the Executive Management Board

of the parent company (Section 290 (1), (2) of the German Commercial Code) in the general meeting, to which the consolidated financial statements and the consolidated management report is presented, also extends to the situation of the consolidated group of companies and of the enterprises included in the consolidated financial statements.

- (2) The information provided shall comply with the principles of conscientious and accurate accounting. The articles of association or the by-laws according to Section 129 can authorize the chairperson to set appropriate time limits in regards to shareholder's right to ask questions and speak and to make other determinations in this matter.
- (3) The Executive Management Board may refuse to provide information:
 1. to the extent that providing such information is, according to sound business judgement, likely to cause not insignificant damage to the Company or a connected enterprise;
 2. to the extent that such information relates to tax valuations or the amount of individual taxes;
 3. on the difference between the value at which items are shown in the annual balance sheet and the higher value of such items, unless the general meeting is to determine the annual financial statements;
 4. on methods of arriving at balances and valuation, if disclosure of such methods in the notes suffices to provide a factually accurate picture of the condition of the company's assets, financial position and profitability within the meaning of Section 264 (2) of the German Commercial Code; this shall not apply if the general meeting is to determine the annual financial statements;
 5. insofar as provision of the information would render the Executive Management Board criminally liable;
 6. insofar as, in the case of a bank or a financial services institution, information on methods adopted of arriving at balances, valuation and does not require to be given in the annual financial statements, management report, consolidated financial statements or consolidated management report;
 7. insofar as such information is available on the webpage of the Company at least for a period of seven days prior to the general meeting and throughout the general meeting.

Provision of information may not be refused for other reasons.

- (4) If information has been provided to a shareholder, by reason of his status as a shareholder, outside the general meeting, such information shall upon request be provided to any other shareholder at the general meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The Executive Management Board may not refuse to provide such information on the grounds of (3) sentence 1 nos. 1 to 4. Sentences 1 and 2 shall not apply if a subsidiary enterprise (Section 290 (1) and (2) of the German Commercial Code) an enterprise with common management (Section 310 (1) of the German Commercial Code) or an associated enterprise (section 311 (1) of the German Commercial Code) discloses the information to a parent enterprise (Section 290 (1) and (2) of the German Commercial Code) for the purposes of inclusion of the information in the consolidated financial statements of the parent enterprise and the information is necessary for that purpose.
- (5) A shareholder who has been denied information may request that his question, and the reason for which the information was denied, be recorded in the minutes of the meeting.

Ladenburg, April 2021

Heidelberg Pharma AG

The Executive Board