



Report of the Supervisory Board of Vivoryon Therapeutics AG, Halle (Saale) for the financial year 2019

Cooperation of Supervisory Board and Management Board

During the 2019 financial year, the Supervisory Board comprehensively performed the duties assigned to it by law, the Articles of Association, Rules of Procedure and the recommendations of the German Corporate Governance Code (hereinafter referred to as the “Code”). We regularly advised and continually oversaw the Management Board in its management of the Company and dealt extensively with the operational and strategic development of the Group. The Management Board fulfilled its duty to inform and furnish us with periodic written and verbal reports containing timely and detailed information on all business transactions and events of significant relevance to the Company.

In our Committee meetings and plenary sessions, we had the opportunity to fully discuss the Management Board’s reports and the proposed resolutions. The Management Board answered our questions on strategic topics affecting the Company with a great level of detail and submitted the relevant documents in a timely manner. Any deviations from the business plan were thoroughly explained to us, and we were directly involved at an early stage in all decisions relevant to the Company.

All relevant topics and strategic decisions, including those where consent was needed, were intensely discussed and mutually agreed.

Supervisory Board Meetings and Key Items of Discussion

In 2019, 6 meetings of the Supervisory Board took place (incl. Telephone Conferences); all members of the Supervisory Board did participate, unless a conflict of interest prevented this. A detailed overview of the participation of all Supervisory Board members in the respective Supervisory Board and Committee meetings can be found in the “Statement on Corporate Governance,” which is available on the Company’s website under the heading: www.vivoryon.com/investors-news/financial-information/.

In those meetings, the main topics were the status of the research and development programs and next steps, relevant events in the industry, the budget for 2019/2020, the financial needs and the financing strategy. We also deliberated on the achievement of goals for the Management Board members for 2018, set goals for the Management Board members for



2020 and kept ourselves informed regarding the risk management and internal controls system. Also outside of the Supervisory Board meetings, the chairman of the Supervisory Board was informed by the Chief Executive Officer of the current development of the business situation, significant business events and relevant events in the strategic environment of the company.

During the 2019 financial year, the Supervisory Board paid particular attention also to the following topics and passed resolutions on these topics after a thorough review and discussion:

- agenda and proposed resolutions for the 2019 Annual General Meeting,
 - o The discharge of the members of the Management and Supervisory Boards with respect to the 2018 financial year
 - o The appointment of KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the 2019 financial year
 - o Resolution on the Change of the Name of the Company to “Vivoryon Therapeutics AG”.
 - o Resolutions on the Increase of the Share Capital of the Company for Cash Contributions
 - o Adoption of a Resolution on the Creation of the Authorized Capital 2019 as well as the Corresponding Amendments to the Articles of Association

- increasing the share capital of the Company in financial year 2019 by issuing 11,767,473 new ordinary shares.

Capital increase from EUR 8,208,009.00 by EUR 4,093,367.00 to EUR 12,301,376.00 by issuing 4,093,367 new shares against cash contributions, represented 50% of its existing share capital. The New Shares was issued from the Company’s authorized capital, where the pre-emptive rights of the Company’s existing shareholders are excluded in accordance with the articles of association of the Company. And further capital increase from 7,674,106 new ordinary bearer shares, each with a notional value of EUR 1.00 and full dividend rights from 1 January 2019, at the offer price of EUR 5.61 per New Share. The proceeds from the Offering.

- Exclusive Option Agreement with MorphoSys AG under the terms of which MorphoSys has obtained an exclusive option to license Vivoryon’s small molecule QPCTL inhibitors in the field of oncology. MorphoSys has committed to investing up to EUR 15 million in a minority stake in Vivoryon Therapeutics as part of a capital raise planned for later this year.



- Review of management board remuneration and confirmation of the appropriateness of management board remuneration by an independent remuneration expert

- New Employee Stock Option Plan
The stock-option programme 2020 serves to promote the long-term loyalty of the beneficiaries to Vivoryon. It is intended to issue options prior to the 2020 annual general meeting subject to the condition that the general meeting approves the creation of this stock option programme 2020 and creates a corresponding Conditional Capital.

- defining the corporate targets for the 2020 financial year;

- budget for the 2020 financial year.

Further, the Supervisory Board regularly held closed sessions without participation of the Management Board as part of their Supervisory Board meetings.

Activities and Meetings of Supervisory Board Committees

To ensure that its duties are performed efficiently, the Supervisory Board has established the Audit Committee to prepare the issues that fall within the Supervisory Board's respective areas of responsibility for the Supervisory Board plenum. The chair of the Committee reports to the Supervisory Board on the Committees' work in the next Supervisory Board meeting after an audit committee meeting. The minutes of the Committee meetings are made available to all Supervisory Board members.

The audit committee comprises Dr. von der Osten, Charlotte Lohmann and Dr. Neermann; Dr. von der Osten is the Chairperson. All members have the corresponding expertise and independence. The audit committee met twice in 2019 by telephone. The primary discussion points in these meetings were the audit of the 2018 financial statements pursuant to HGB and IFRS as well as the 2019 half-year financial statements.

Audit of the Annual Financial Statements

For the 2019 financial year, the Company commissioned KPMG AG Wirtschaftsprüfungsgesellschaft („KPMG“) as its auditor. The audit contract was awarded by the Supervisory Board in accordance with the resolution of the Annual General Meeting on



May 29, 2019. In accordance with the Code, the Supervisory Board obtained a declaration of independence from the auditor in advance.

The documents that had been audited and the audit reports of the auditor were delivered on a timely basis to each member of the Supervisory Board. The auditor attended the meeting of the Supervisory Board on March 03, 2020 where the annual financial statements 2019 were presented, and reported on the material findings of his audit. The key topics of the audit of the annual financial statements for the 2019 financial year were: www.vivoryon.com/investors-news/financial-information/.

The auditor also performed an audit of the risk monitoring system. The conclusion of the audit was that the Management Board has taken all suitable measures according to Section 91 (2) of the AktG, and that the risk monitoring system is capable of recognizing in due course developments that may impair the ability of the company to continue as a going concern.

The Supervisory Board took note of the report of KPMG as auditor of the company. The result of the review of the annual financial statements by the Supervisory Board fully corresponds with the result of the audit by the auditor. The Audit Committee has discussed the audit results and annual financial statements in a detailed manner and proposed that the Supervisory Board approves the annual financial statements of Vivoryon Therapeutics AG prepared by the Management Board. Following its own examination, the Supervisory Board does not see any reason for raising any objections against the Management Board and the submitted annual financial statements.

In the meeting on March 25, 2020, the Supervisory Board approved the annual financial statements of Vivoryon Therapeutics AG prepared by the Management Board. The annual financial statements are thus adopted.

Corporate Governance and Declaration of Conformity

Also within the reporting year 2019, the Supervisory Board discussed with the Management Board the Company's compliance with the Code's recommendations and justified exceptions to the Code's recommendations. Based on this consultation, the Management Board and the Supervisory Board issued a declaration of conformity pursuant to section 161 AktG (*Aktiengesetz* - German Stock Corporation Act) which is available on the website of Vivoryon Therapeutics AG. The Supervisory Board further devoted its attention to Vivoryon Therapeutics's corporate governance. In its corporate governance report, the Management Board concurrently reports on the corporate governance of Vivoryon Therapeutics also on behalf of the Supervisory Board.



Conflicts of Interest in the Supervisory Board

There are conflicts of interest in the Supervisory Board within the reporting year 2019.

Charlotte Lohmann is Senior Vice President and General Counsel at MorphoSys AG. The conflict of interest was resolved by the fact that Ms. Lohmann did not take part in the relevant meetings with a focus on " Exclusive Option Agreement with MorphoSys AG" and in the decision-making process at the Supervisory Board meetings.

Changes in the Composition of the Supervisory Board and the Management Board

There were no changes in the composition of the Supervisory board in the reporting period.

There were no changes in the composition of the Management Board in the reporting period.

The Supervisory board thanks the Management Board, all employees and Partners of Vivoryon Therapeutics AG for their commitment and their performance.

Halle (Saale), in March 2020
for the Supervisory Board:

Dr. Erich Platzner

Chairman of the Supervisory Board