

**Report of the Supervisory Board of
Probiodrug AG, Halle (Saale)
for the Financial Year 2015**

Cooperation of Supervisory Board and Management Board

Also in the past financial year 2015, the Supervisory Board closely attended to the strategic development of the company and important individual measures and supervised and consulted the Management Board on a regular basis. The work of the Supervisory Board, the principles of adopting resolutions and the work of its committees were governed, inter alia, by the rules of procedure of the Supervisory Board as adopted on 30 September 2014. The Supervisory Board could always satisfy itself of the lawful, expedient and proper activities of the Management Board. Within the reporting period, the Management Board informed the Supervisory Board in detail and comprehensively in the meetings on the business development, the financial situation of the company, the progress of the research and development programs as well as the financial and investment planning. In addition, the Management Board submitted on a regular basis financial reports and reported in detail on events of particular importance, particularly on the financial situation of the company, the details of the capital increase completed in 2015 and the status of the development programs. Moreover, the chairman of the Supervisory Board coordinated with the Management Board on substantial facts on a regular basis. Thus, the Supervisory Board was always and in due time involved in all material and relevant topics. In 2015, the cooperation with the Management Board was again as in the past open and constructive. All relevant topics and strategic decisions, including those, where consent was needed, were intensely discussed and mutually agreed.

Supervisory Board Meetings

In 2015, seven meetings of the Supervisory Board took place. In those meetings, the main issues were the status of the development programs, the financing and the planning and the execution of the capital increase. In addition, three telephone conferences took place.

Also outside of the Supervisory Board meetings, the chairman of the Supervisory Board was informed by the Management Board on a regular basis of the current development of the business situation, significant business events and relevant events in the strategic environment of the company.

Committees

The Supervisory Board formed three committees: the Audit Committee, the Compensation Committee and the Nomination Committee.

Since the partial new election of the Supervisory Board, Dr. von der Osten, C. Lohmann and Dr. Neermann have been members of the Audit Committee; chairperson is Dr. von der Osten. All members have the required expertise and independence. The Audit Committee convened two times in 2015. The members of the Audit Committee discussed and reviewed the audit of the financial statements 2015 according to German GAAP (HGB) and IFRS, the half year financial statements 2015 and potential financing options for the company.

Since the partial new election of the Supervisory Board, Dr. Platzer, C. Lohmann and K. Been have been members of the Compensation Committee; chairperson is Dr. Platzer. The Compensation Committee convened two times in 2015. The main topics were the discussion of the variable compensation for the Management Board for 2014 and the Phantom Stock Program of Dr. Lues.

Since the partial new election of the Supervisory Board, Dr. Platzer, Dr. Neermann and Dr. Litzka have been members of the Nomination Committee; chairperson is Dr. Platzer. The Nomination Committee convened twice in 2015. The main topic was the discussion of suitable candidates for the Supervisory Board to be proposed to the general shareholders' meeting 2015.

The committees reported their activities to the entire Supervisory Board.

Audit of the Annual Financial Statements

The Supervisory Board reviewed the annual financial statements and the management report of the company for the financial year 2015. The auditor elected by the general shareholders' meeting on 10 June 2015 for the financial year 2015, KPMG AG Wirtschaftsprüfungsgesellschaft, audited the annual financial statements including the accounting as well as the management report and issued an unqualified audit opinion.

The documents that had been audited and the audit reports of the auditor were delivered to each member of the Supervisory Board. The auditor attended the meeting of the Supervisory Board on March 3rd, 2016 where the annual financial statements were determined and reported on the material findings of his audit. Here 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 recognized in due course developments that may impair the ability of the company to continue as a going concern.

The Supervisory Board took note of, and gave its consent to, 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 annual financial statements in a detailed manner and proposed, that the Supervisory Board shall approve the annual financial statements of Probiodrug AG prepared by the Management Board. 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 of March 03, 2016, the Supervisory Board approved the annual financial statements of Probiodrug AG prepared by the Management Board. The annual financial statements are thus determined.

Corporate Governance and Declaration of Conformity

Also within the reporting year 2015, the members of the Supervisory Board devoted themselves again to the German Corporate Governance Code. 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 Probiodrug AG. In addition, in its corporate governance report, the Management Board concurrently reports on the corporate governance of Probiodrug also on behalf of the Supervisory Board.

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

During the reporting period, there have been two changes on the Supervisory Board. Dr. Birner and Prof. Dr. Frank did not apply for another term. Therefore, since June 10, 2015, they are no longer members of the Supervisory Board of Probiodrug. The Supervisory Board thanks Prof. Dr. Frank and

Dr. Birner for their committed and valuable work for the company.

In the general shareholders' meeting of 10 June 2015, the Supervisory Board members Dr. Platzer, Dr. von der Osten, Dr. Neermann and Dr. Litzka were re-elected for a term of office until the end of the general shareholders' meeting deciding on the discharge of the Supervisory Board for the financial year 2015. Ms. C. Lohmann and Mr. K. Been were newly elected to the Supervisory Board for a term of office until the end of the general shareholders' meeting deciding on the discharge of the Supervisory Board for the financial year 2017.

By way of resolution of 10 June 2015, the Supervisory Board re-elected Dr. Platzer as chairperson und Dr. von der Osten as deputy chairperson.

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

The Supervisory Board thanks the Management Board, all employees, consultants, advisors and partners of Probiodrug AG for their commitment and their performance.

Halle (Saale), in March 2016

for the Supervisory Board:

Dr. Erich Platzer
Chairperson of the Supervisory Board