



Probiodrug AG

Halle /Saale

ISIN DE0007921835 / PBD

Report of the Supervisory Board of Probiodrug AG, Halle (Saale) on the Financial Year 2014

Cooperation of Supervisory Board and Management Board

In the past financial year the supervisory board closely supported the strategic further development of the company as well as substantial individual measures and provided advice to and supervised the executive management on a regular basis. The work of the supervisory board, the basic principles of adopting resolutions and the work of its committees were governed by the rules of procedures of the supervisory board as amended on September, 30th, 2014. In doing so, the supervisory board could always satisfy itself of the lawful, purposeful and proper condition of the measures. 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 intrinsic progress of the research and development programs as well as the financial and investment planning. In addition, the management board submitted monthly reports on the financial reporting and reported in a detailed manner on events of particular importance, particularly on the financing of the company, the details of the initial public offering at Euronext in Amsterdam in 2014 and the status of the development programs. Moreover, the chairman of the supervisory board coordinated with the management board on substantial facts on a continuous basis. The supervisory board was always and in due time involved in all material and relevant topics. Also in 2014 the cooperation with the management was open and constructive. All relevant topics and strategic decisions or decisions, where consent was needed, were intensely discussed and mutually agreed.

Supervisory Board Meetings

In 2014, the supervisory board convened in seven meetings. In those meetings the main issues were the financing and the upcoming initial public offering. In addition, eleven telephone conferences took place.

Also apart from the supervisory board meetings the chairman of the supervisory board had himself informed by the management board on a regular basis on the current development of the business situation, significant business events and the measures for the preparation of the initial public offering at Euronext, Amsterdam.

Committees

Within the supervisory board two committees were formed: the Audit Committee and the Compensation Committee. Members of the Audit Committee are Dr von der Osten, Dr Birner and Dr Neermann, chairperson is Dr von der Osten. All members have the required expertise and independence. The Audit Committee convened three times in 2014. In doing so, the members of the Audit Committee mainly discussed and reviewed the audit of the financial statements according to German GAAP (HGB) and the audit of the financial statements according to IFRS. Members of the Compensation Committee are Dr Platzer, Prof. Frank and Dr Litzka, chairperson is Dr Platzer. The Compensation Committee also convened three times in 2014. The main topic was the discussion and preparation of the contracts for the executive management.

The committees reported to the whole supervisory board on their activities.

Audit of the Annual Financial Statements

The supervisory board audited the annual financial statements and the management report of the company for the financial year 2014. The auditor elected by the general shareholders' meeting as of August 25, 2014 for the financial year 2014, KPMG AG Wirtschaftsprüfungsgesellschaft, provided the unqualified certification of the annual financial statements including the accounting as well as the management report.

The documents subject to auditing and the audit reports of the auditor were delivered to each member of the supervisory board. The auditor attended the balance sheet meeting of the supervisory board on March 16, 2015 and reported on the substantial results of its audit.

The supervisory board took note of and gave its consent to the auditor's report. The result of the audit of the supervisory board fully corresponds with the result of the audit of the annual financial statements. The supervisory board does not see any reason for raising any objections against the executive management and the submitted annual financial statements.

In the meeting of March 16, 2015, the supervisory board endorsed the annual financial statements of Probiodrug AG prepared by the management board. The annual financial statements are thus approved.

Corporate Governance and Declaration of Conformity

Also within the reporting year 2014 the members of the supervisory board devoted themselves again to the German Corporate Governance Codex. The management board and the supervisory board issued a declaration of conformity pursuant to sec. 161 AktG (German Stock Corporations Act) available permanently on the website of Probiodrug AG. In addition, in its corporate governance report, the management board also on behalf of the supervisory board reported on the corporate governance with Probiodrug.

Staff Changes on the Supervisory Board and the Management Board

During the reporting period there have been two staff changes on the supervisory board. Dr Polack resigned from his supervisory board office as of July 7, 2014. The supervisory board thanks Dr Axel Polack for his longtime highly committed work for the company.

In the general shareholders' meeting of August 25, 2014, the supervisory board members were newly elected for a term of office until the end of the general shareholders' meeting deciding on the approval of the actions in the financial year 2014. Dr Birner was elected as a new member of the supervisory board.

By way of resolution of August 25, 2014, the supervisory board elected Dr Platzer as chairman and Dr von der Osten as deputy chairman.

By way of resolution of September 30, 2014, the supervisory board appointed Dr Inge Lues as member of the management board effective as of November 1, 2014 for the period until October 31, 2017. Also by way of resolution of September 30, 2014, the terms of office of the previous management board members Dr Hendrik Liebers and Dr Konrad Glund were renewed for a period of three years until November 30, 2017.

The supervisory board thanks the management board and all the employees of Probiodrug AG for their commitment and their performance, particularly for the mastering of the numerous challenges in connection with the initial public offering.

Halle (Saale), in March 2015
for the Supervisory Board:

Dr Erich Platzer
Chairman of the Supervisory Board