

## Supervisory Board Report

Dear shareholders,

The fiscal year 2017 just ended has been a year of change for the Company, and accordingly it has presented the Supervisory Board with a number of challenges. In particular this applied to the reorganization of the Management Board, and to the acquisition of a competitor and the associated financing issues. In addition to changes in the Management Board, there have also been changes in the Supervisory Board.

The Supervisory Board has addressed these challenges and paid close attention in the reporting year to the tasks entrusted to it in accordance with the law and by the Company's articles of association and internal rules of procedure. The Supervisory Board monitored the activities of the Management Board on an ongoing basis during the fiscal year 2017, providing support in an advisory capacity. This was based on written and oral reports provided by the Management Board, as well as information provided by the Management Board at Supervisory Board meetings, and on regular consultations between the Management Board and the Chairman of the Supervisory Board. The Chairman of the Supervisory Board was in regular contact with the Management Board between the dates of the regular Supervisory Board meetings in order to ensure a comprehensive exchange of information between these bodies. Within the Supervisory Board, the Chairman of the Supervisory Board also exchanged information with the remaining members of the Supervisory Board regarding current Company issues on a regular basis.

As a result, the Supervisory Board was informed of the Company's overall intended business policy, its strategy, planning, risk situation and risk management, compliance, and of developments concerning its business situation and significant business transactions, as well as the situation of the Company and the Group as a whole.

The number of Supervisory Board meetings held reflects the intensive nature of the Supervisory Board's work during the reporting year. The Supervisory Board held five meetings in the first half of the year up until June 28, 2017 and a further seven meetings after the Supervisory Board elections held on June 28, 2017. Some meetings were held in the form of telephone conferences in accordance with the provisions of the articles of association of the Company. The Management Board informed the Supervisory Board about the commercial and financial development of the Company, including the risk situation, on a regular basis at the Supervisory Board meetings, and provided additional information on request. With one exception, all members of the Supervisory Board participated in more than half of the meetings held up until the Supervisory Board elections on June 28, 2017. Since June 28, 2017 all members have participated in more than half of the meetings. The Chairman of the Supervisory Board and his deputy participated in all the meetings. In the second half of the year, one member of the Supervisory Board did not participate in two meetings due to urgent professional commitments and one member of the Supervisory Board did not participate in one meeting. The Supervisory Board has not formed committees.

During the reporting period, the Supervisory Board has not been informed by any of its members of any matters that could give rise to a significant conflict of interest of a non-temporary nature.

### **Significant Issues Discussed by the Supervisory Board**

In addition to issues of general relevance, the Supervisory Board dealt with topics arising in individual areas and, when required, passed the necessary resolutions. Significant matters dealt with by the Supervisory Board in the reporting year included:

- Matters arising in connection with the acquisition of Seracell Pharma AG, in particular in connection with how the acquisition process was structured, and the financing of the acquisition by equity financing and by use of a bank loan.
- Matters concerning the restructuring of Seracell Pharma AG and its integration into the Vita 34 Group.
- Approval of a capital increase from authorized capital with exclusion of subscription rights for shareholders for an amount of approximately 10% of the Company's nominal capital in order to finance the acquisition of Seracell Pharma AG.
- Issues concerning the composition and remuneration of the Management Board of Vita 34 AG as well as the management of Vita 34 Group subsidiaries.
- Approval of the capital increase without the requirement to issue a prospectus undertaken to raise approximately EUR 5 million to finance the Seracell Pharma AG acquisition by issue of subscription rights from authorized capital and the associated share placing with investors of such shares remaining unsubscribed after the subscription period.
- Expansion of the Management Board with the appointment of Falk Neukirch as Finance Director, prolongation of the Management Board service agreement with Dr. Wolfgang Knirsch as Chairman of the Management Board, and reorganization of responsibilities within the Management Board.
- Finally, in November 2017, the Supervisory Board performed a self-evaluation of its own activities in order to examine the efficiency of the work performed by the Supervisory Board. The Supervisory Board also undertook training on topics concerning the most recent compliance developments and obligations affecting capital market participants.

### **Changes in the Supervisory Board**

At the Annual General Meeting, Frank Köhler and Steffen Richtscheid were appointed as new members of the Supervisory Board on June 28. On the same date, the number of members of the Supervisory Board was reduced to four, in order to enable the Supervisory Board to manage its workload more efficiently. The terms of office of Dr. Hans-Georg Giering, Alexander Starke, and Dr. Holger Födisch ended at the close of the Annual General Meeting. Artur Isaev resigned his position as member of the Supervisory Board with effect on the same date. From that date the members of the Supervisory Board are Frank Köhler, Gerrit Witschaß, Dr. med. Mariola Söhngen, and Steffen Richtscheid. At the first

meeting of the new Supervisory Board Frank Köhler was elected as Chairman of the Board and Gerrit Witschaß was elected as Deputy Chairman of the Board.

### **Changes in the Management Board**

Falk Neukirch resigned his position as Finance Director in April 2017 for personal reasons. The Supervisory Board appointed Dr. Wolfgang Knirsch as Chairman of the Management Board of Vita 34 AG on June 12, 2017 following the resignation of Dr. André Gerth, the previous Chairman. In this connection Alexander Starke was seconded by the Supervisory Board to act as a member of the Management Board until the end of 2017 in order to ensure that the Management Board consisted of two members. In September 2017, Falk Neukirch was able to resume his position as Finance Director.

### **Corporate Governance**

The Supervisory Board dealt with further amendments to the Company's Corporate Governance principles, taking account of the recommendations of the German Corporate Governance Code (DCGK) dated February 7, 2017. In March 2017, the Management Board and the Supervisory Board issued a Declaration of Compliance, which is presented in the "Corporate Governance" section of the annual report on page 43, and which is also published on the website of the Company.

### **Annual and Group Financial Statements, Audit**

The annual financial statements of Vita 34 AG have been prepared in accordance with the provisions of the German Commercial Code; the consolidated annual financial statements and the combined management report of Vita 34 AG have been prepared on the basis of Secs. 315 and 315a of the German Commercial Code, in conjunction with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The annual financial statements of Vita 34 AG, the consolidated financial statements, and the combined management report have been audited by PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft (Berlin office). The audit engagement was entered into in accordance with the resolution of the Annual General Meeting, legal provisions, and the provisions of the DCGK.

On conclusion of the engagement it was determined that the financial statements have been prepared in accordance with the requirements of the German Commercial Code and with IFRS, respectively. The annual financial statements and the consolidated financial statements received an unqualified certification. The financial statement documents were thoroughly discussed in the annual financial statements meeting of the Supervisory Board, in the presence of the auditor, and following a report from the auditor. During this meeting, the auditor's representatives reported on the significant findings of their audit, as well as on the control and risk management system with regard to accounting. They dealt with the scope, emphasis, and costs of the audit; furthermore, they noted that they have no conflicts of interest, since PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft was only engaged to perform audit services.

The Supervisory Board examined the annual financial statements, the consolidated annual financial statements, and the combined management report. On concluding our own review we raised no objections against the annual financial statements of Vita 34 AG, the consolidated annual financial statements of Vita 34 AG, or the combined management report, as well as the corresponding audit reports issued by the auditors. The Supervisory Board approved the results of the audit after its own examination, accepted the annual financial statements of Vita 34 AG prepared by the Management Board, and acknowledged the consolidated financial statements. The Supervisory Board agrees with the combined management report, in particular the evaluation concerning the further development of the Company.

The Supervisory Board would like to thank the Management Board as well as the staff for their work this fiscal year.

March 27, 2018

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'Frank Köhler', written in a cursive style.

Frank Köhler  
Chairman of the Supervisory Board

