

SUPERVISORY BOARD REPORT

The constitution of a stock corporation according to the German Stock Corporation Act strictly and imperatively distinguishes between the management and the supervision of the management. While management is the responsibility of the Board of Management only, the Supervisory Board is obliged to advise and supervise management by the Board of Management. In its function as a controlling body, the Supervisory Board unconditionally fulfilled its duties according to statutory law, the Articles of Association and Rules of Procedure in the financial year 2018. Guided by the principles of responsible and good corporate governance, it continuously and diligently monitored the management activities of the Board of Management. The Board of Management kept the Supervisory Board updated on a regular basis and in a timely and coherent manner by means of written and oral reports on all matters, which were of fundamental importance to the Company. This also includes information on decisions not requiring the consent of the Supervisory Board. In particular, the Board of Management informed the Supervisory Board of key business figures. Matters relevant for the Company mainly include issues relating to the planning, business performance, strategic development, human resources- and succession planning, risk situation, risk management and compliance. The Board of Management has, where the business development deviated from the planning, comprehensively explained such deviations and at all times involved the Supervisory Board in the decision on the strategy and status of the implementation thereof in the Company.

Where according to applicable law or the Articles of Association approval of the Supervisory Board is necessary for certain transactions, the Supervisory Board passed resolutions to the extent required.

The Chairman of the Supervisory Board also maintained intensive personal and telephone contact with the Chairman of the Board of Management on a monthly basis in addition to the Supervisory Board meetings to obtain information on the business development, key business transactions and upcoming decisions as well as long-term perspectives and considerations on emerging developments. Moreover, the Chairman of the Supervisory Board and the Chairman/Chairwoman of the Audit Committee automatically received all Internal Audit reports. The members of the Supervisory Board discussed current issues with the Board of Management also outside of the meetings.

A member of the Supervisory Board expressed interest in acquiring certain assets of the Company in the area of research and development. The respective Supervisory Board member informed the Supervisory Board of the conflict of interests and did not participate in the relevant consultations. Other than that, there were no conflicts of interests involving members of the Board of Management or Supervisory Board during the financial year 2018, which require immediate disclosure to the Supervisory Board and must be reported to the Annual Shareholders' Meeting.

In the financial year 2018, the preparations and the measures to ensure refinancing of the Company were of great importance to the discussions in the Supervisory Board. Moreover, the discussions in the Supervisory Board were characterised by consultations on a variety of strategic goals and projects, in particular the divestiture of all blood plasma collection centers in the United States, Biotest AG's position within the Creat-Group as well as the supply of blood plasma to ensure the needs of the Company.

The Supervisory Board held 15 regular meetings in the financial year 2018. One resolution was adopted by way of a written circular procedure. In relation to the performance of their duties, members of the Supervisory Board received sufficient opportunity in the Committees as well as in full composition to critically and thoroughly assess all reports and draft resolutions provided by the Board of Management. During discussions they had the opportunity to introduce their own proposals.

MAIN FOCUS AT SUPERVISORY BOARD DELIBERATIONS

In addition to the topics mentioned above, the regular deliberations of the Supervisory Board in the 2018 financial year focused on the planning and current business development of the Company, in particular the developments and impacts in relation to the public takeover offer of Tiancheng (Germany) Pharmaceutical Holdings AG, the acquisition company of Creat Group Corporation. In all matters, the Supervisory Board was continuously informed by the Board of Management about the situation and current developments. Any questions arising were discussed immediately and comprehensively. Thus, the Supervisory Board always received the most up-to-date information.

At the meeting on 16 January 2018, the Supervisory Board discussed the current business developments and the budget for 2018 presented by the Board of Management. After the details had been discussed, the Supervisory Board approved the 2018 budget. In the course of the meeting, the Board of Management provided an overview of the key developments in the procedure for the foreign trade approval of the public takeover offer of Tiancheng (Germany) Pharmaceutical Holdings AG for the shares of Biotest AG by the US authority CFIUS (Committee on Foreign Investment in the United States). Following the consultation, the Supervisory Board encouraged the Board of Management to take reasonable measures, which are necessary to obtain the approval. In addition, the Board of Management provided a detailed overview of refinancing options which were evaluated by a auditing firm. At the same meeting, the Supervisory Board unanimously approved the target of a women's quota of 25 % in the Board of Management and 30 % in the Supervisory Board by 2022.

At the Supervisory Board meeting on 7 February 2018, the Board of Management presented a timetable and further steps to be taken in connection with the closing of the takeover by Creat Group Corporation. The meeting also focused on the key financial figures for the financial year 2017 and the budget for 2018. The Board of Management presented the business strategy plan for the years 2018 to 2027 to the Supervisory Board, to which the Supervisory Board had no objections. The Audit Committee reported about its discussions on the independence of the auditor. Another integral item on the agenda was the development of the Biotest Next Level (BNL) investment program.

At its meeting on 13 March 2018, the Board of Management informed the Supervisory Board about the current business situation of the Group until February 2018. Other items on the agenda included the status of the BNL project and strategic steps following the takeover by Creat Group Corporation. The Board of Management presented the annual financial statements for Biotest AG and the Group for the financial year 2017. The auditor present explained the results of his audit. Upon the recommendation of the Audit

Committee and after its own review, the Supervisory Board unanimously approved the annual financial statements for the Group and for Biotest AG as well as the non-financial statement (sustainability report). The Supervisory Board inter alia approved the Supervisory Board Report, the Corporate Governance Report and the Declaration of Compliance for the financial year 2017. The proposal to the annual general meeting for the appropriation of profits was approved. The Supervisory Board also approved the new terms of the Long Term Incentive Program for 2018–2020, the targets for the Board of Management for 2018 and the fulfillment of the targets for 2017 by the members of the Board of Management. The Supervisory Board resolved to amend its Rules of Procedure so that the Audit Committee now has up to four members. The agenda for the annual general meeting 2018 was adopted.

The meeting on 14 May 2018 was dominated by strategic considerations. Measures in connection with the sale of all plasma collection centers in the U.S. to Grifols were discussed with the Board of Management. Other topics of discussion included business developments and existing refinancing of the Company. Further, the financial report for 1st Quarter was discussed.

At the meeting held on 30 May 2018 and 5 June 2018, the subjects of discussion were once again the status of the sale of the plasma collection centers in the U.S. and the refinancing of the Company. The Board of Management was asked numerous questions by the Supervisory Board on the financial situation of the Company, which the Board of Management answered comprehensively and in detail.

Discussions on the Company's refinancing and strategic measures, in particular the sale of the US plasma collection centers, were continued at the meetings on 12 June 2018, 20 June 2018 and 26 June 2018.

The refinancing of the Company was also a central topic at the meeting on 10 July 2018. After detailed discussion of the options for action, the Supervisory Board approved the conclusion of a loan facility on the terms explained by the Board of Management. In the further course of the meeting, the Supervisory Board was informed by the Board of Management about the latest developments regarding the sale of the US business, the group performance up to June 2018, the business activities in Turkey and Iran and the implementation of strategic measures. As part of the BNL project, the Supervisory Board approved the planned hiring of personnel and other strategic projects.

At its meeting on 18 July 2018, the Supervisory Board noted that the company's refinancing was guaranteed.

A further Supervisory Board meeting was held on 18 September 2018, at which the Board of Management had the opportunity to provide the Supervisory Board with comprehensive information on the Company's business development up to August 2018, the refinancing, the status of the sale of the US business, the status of the BNL project and other strategic projects. How to ensure the long-term supply of blood plasma was also the subject of the discussions. The Compliance Officer provided an overview of the Company's compliance structure, including the processes and projects implemented.

At the meeting on 18 October 2018, the Board of Management informed the Supervisory Board about current business developments and various scenarios for securing the supply of blood plasma in the coming years. Following discussions on this, the Supervisory Board asked the Board of Management for a cost-benefit analysis of the scenarios presented.

At the meeting on 5 December 2018, the Board of Management informed the Supervisory Board about current business developments, the 2019 budget and the status of ongoing strategic projects. The Board of Management also provided an overview of the status of the research results. The Audit Committee, Governance Committee and Personnel and Compensation Committee reported on the deliberations of the committees in the past financial year. The Supervisory Board noted that all compliance incidents that occurred in 2018 had been investigated.

At the meeting on 17 December 2018, the Supervisory Board discussed the impact of strategic measures within the Creat Group on Biotest AG.

COMMITTEES

To efficiently perform its duties, the Supervisory Board formed three committees in the relevant financial year with the following composition on the reference date 31 December 2018:

Personnel and Compensation Committee

Rolf Hoffmann (Chairman)

Kerstin Birkhahn

Kurt Hardt (until 28 Februar 2018)

Tan Yang (since 13 March 2018)

Audit Committee

Christine Kreidl (Chairwoman)

Rolf Hoffmann

Jürgen Heilmann

Tan Yang (since 13 March 2018)

Governance Committee

Dr Cathrin Schleussner (Chairwoman)

Christine Kreidl

Rolf Hoffmann

Tan Yang (since 13 March 2018)

The Audit Committee met with the Board of Management at three meetings in the financial year 2018. At the first meeting in financial year 2018 on 6 February 2018, the Audit Committee discussed the independence of the auditor. In the course of the meeting, the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft had the opportunity to report in detail on the provision of non-audit services in financial year 2018. The Audit Committee noted that, during the financial year, the auditor provided to the Company a prohibited non-audit service within the meaning of the European Regulation on specific requirements regarding statutory audit of public-interest entities within the framework of a planned, but not realised M&A transaction. The Supervisory Board has considered the quantitative and qualitative importance of such service and assessed that such service has not compromised the independence of the auditor. Later that meeting, the Audit Committee discussed the status of the audit for 2017 as well as the auditor's planned services in 2018. The Audit Committee's discussions on 12 March 2018 focused on the individual and consolidated financial statements for 2017 as well as other reports in relation to the financial statement 2017 presented by the Board of Management. The auditor, who was present, explained the results of his audit and answered the questions posed by the Audit Committee. Following the discussions, the Audit Committee decided to propose to the Supervisory Board to approve the proposal on the appropriation of profits, the 2017 individual and consolidated financial statements, the non-financial statement (sustainability report), the report on the review pursuant to Section 20 para. 1 of the German Securities Trading Act (Wertpapierhandelsgesetz) (the EMIR report) and – after presentation of the independence declaration for 2018 – Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditor for the 2018 financial statements. At the meeting on 4 December 2018, the Audit Committee discussed the results of the internal audit, risk management and key parameters of the 2018 audit. The key audit matters for 2018 were determined. The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft gave an overview of the performed services in 2018 and the expected services for 2019, which were approved by the Audit Committee after review. Further, the audit plan for the internal audit 2019 was presented and approved.

The Personnel and Compensation Committee performs tasks in relation to Board of Management matters and prepares personnel decisions for the full Supervisory Board. In the year under review, it met – partly together with the Governance Committee – three times, on 12 March 2018, on 10 July 2018 together with the Governance Committee and on 4 December 2018. The meetings dealt with various issues relating to personnel organization and collective bargaining. The Personnel and Compensation Committee further discussed on the Long Term Incentive Program for the years 2018–2020, the targets for the Board of Management for 2018 and the fulfillment of the targets for 2017 by the members of the Board of Management.

The Governance Committee met in three sessions in 2018, on 12 March 2018, on 10 July 2018 together with the Personnel and Compensation Committee and on 4 December 2018. After detailed discussion, the Governance Committee decided to propose the approval of the Declaration of Compliance to the full Supervisory Board. It also dealt with strategic issues, the refinancing of the Company, the efficiency review of the Supervisory Board and the review of the remuneration of the Supervisory Board. Subject matters of the meeting dated 4 December 2018 were amongst others the planned amendments to the German Corporate Governance Code as well as an efficiency check of the Supervisory Board.

CORPORATE GOVERNANCE

Also in 2018, the Supervisory Board continuously complied with the further development of corporate governance standards within the Company. The Board of Management and the Supervisory Board reported on the corporate governance of the Company in the Corporate Governance Report in accordance with clause 3.10 of the German Corporate Governance Code which was published together with the Declaration of Compliance regarding the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). On 7 March 2019, the Board of Management and the Supervisory Board of Biotest AG issued a Declaration of Compliance with the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act.

CHANGES TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

Upon the successful completion of the takeover bid, Supervisory Board member Kurt Hardt resigned from office effective as of 28 February 2018, with the result that Mr Tan Yang has succeeded him as a full member of the Supervisory Board. At its meeting on 7 February 2018, the Supervisory Board unanimously elected Mr Tan Yang as Deputy Chairman of the Supervisory Board with effect from 1 March 2018. Mr Tan Yang was also elected as member of all committees at the meeting on 13 March 2018. There were no other personnel changes in the Supervisory Board in the 2018 financial year.

By circular resolution dated 9 August 2018, Dr Bernhard Ehmer was unanimously elected as a member of the Board of Management for a further term of six months, beginning on 1 November 2018 and ending on 30 April 2019. He was also elected Chairman of the Board of Management for the new term of office. In addition, the Supervisory Board unanimously approved the amendment of the service contract with Dr Bernhard Ehmer and its conclusion. There were no further personnel changes in the Board of Management.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, audited the consolidated and the end of year statement of Biotest AG by 31 December 2018 as well as the management report and the group management report and provided an unqualified opinion. Further, the aforementioned auditor reviewed the report on the Company's relations to affiliated companies (dependency report) and provided an unqualified opinion:

Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

1. The factual statements contained in the report are correct.
2. The consideration paid by the Company for the legal transactions stated in the report was not excessive.

The external auditor engaged by the Supervisory Board to review the content of the separate non-financial statement also issued an unqualified audit opinion. The abovementioned documents, the auditor's report, the dependency report, the separate non-financial statement and the Board of Management's proposal on the appropriation of net profit were submitted to all members of the Supervisory Board in a timely manner. They were discussed in detail at the meetings of the Audit Committee on 6 and 21 March 2019 as well as at the meetings of the Supervisory Board on 7 and 21 March 2019. In all four meetings, the auditor reported on the main results of the audit and was on hand to answer questions and provide additional information.

After reviewing and discussing the individual and consolidated financial statements, the management report and group management report, the Board of Management's proposal on the appropriation of the net profit, the dependency report as well as the non-financial statement, the Supervisory Board raised no objections and approved of the auditor's and external auditor's audit results. According to the final result of the review of the dependency report, the Supervisory Board also raised no objections to the declaration of the Board of Management on the dependency report. The Supervisory Board adopted the single entity and consolidated financial statements as prepared by the Board of Management for the financial year 2018. The annual financial statements are thereby adopted. The Supervisory Board approved the Board of Management's proposal on the appropriation of profit.

The Supervisory Board thanks the Board of Management and all employees for their continuous commitment and constructive cooperation, without which the positive performance of the Company in the difficult financial year 2018 would not have been possible.

Dreieich, 21 March 2019

A handwritten signature in blue ink, appearing to read 'Rolf Hoffmann', with a long horizontal line extending to the right.

Rolf Hoffmann
Chairman