

## Supervisory Board Report

The Supervisory Board of CGM AG has performed the duties required by law and the Articles of Association during the 2014 financial year. The Supervisory Board regularly advised the Management Board in its management of the company and supervised the company's management board. The Supervisory Board was directly involved in all decisions of major significance to the company.

The Management Board informed the Supervisory Board regularly, comprehensively and promptly by means of verbal and written reports on all issues of relevance to corporate planning and strategic development, the course of business, the general situation of the group including any risks, and risk management.

The Supervisory Board obtained regular reports from the Management Board regarding measures implemented to improve results as well as possible, planned and completed company acquisitions. Opportunities and risks of possible transactions were discussed in detail with the Management Board. Deviations from the business plans and targets were explained fully.

The Supervisory Board formed an Audit Committee whose Chairman is at the same time the Chairman of the Supervisory board. The Audit Committee held five meetings in total for the year under review and discussed the interim financial reports of the Management Board as well as prepared the resolutions of the Supervisory Board. The committee submitted its recommendation for the appointment of an auditor for the fiscal year 2014 to the Supervisory Board. The Supervisory Board was regularly informed of the Audit Committee's work.

The Supervisory Board held seven ordinary meetings in the year under review. Furthermore, three resolutions were concluded in telephone conferences and written procedures:

### **March 22, 2014:**

In the March 2014 session where the financial position was determined, the annual financial statements of CGM AG 2013, the 2013 consolidated financial statements and the respective management reports were explained in detail to the Supervisory Board by the Management Board in the presence of the auditors. The Management Board and the employees of the auditing firm PricewaterhouseCoopers AG in Frankfurt (PWC) personally answered all questions in detail, which were posed by the Supervisory Board in the subsequent discussion. The annual financial statement was determined and group accounts were approved. The proposal presented by the Management Board for the appropriation of earnings was approved and the agenda for the 2014 Annual General Meeting was set. In addition, other activities, plans and funding for fiscal year 2014 the Supervisory Board were presented to the Supervisory Board.

### **May 14, 2014:**

At the meeting, the Management Board reported on the current situation in all business areas. Here, the annual general meeting was also prepared. The Supervisory Board approved the acquisition of land from Supervisory Board member Prof. Dr. Daniel Gotthardt to build additional parking for employees of Group companies.

In a second session, which took place immediately after the Annual General Meeting, the newly formed Supervisory Board was constituted. The supervisory Board selected Dr. Klaus Esser as Chairman of the Supervisory Board and Prof. Dr. Daniel Gotthardt as Deputy Chairman. Furthermore, Dr. Flach, Dr. Esser and Dr. Gotthardt were appointed to the Audit Committee.

**May 27, 2014:**

The supervisory Board appointed Mr. Wild as an additional member to the Audit Committee in a conference call.

**June 03, 2014:**

The Supervisory Board discussed and approved the Management Board's proposal to restructure the sales partner model in the area of Ambulatory Information Systems.

**June 03/04, 2014**

In its annual strategy meeting with the Management Board and second level management, the Supervisory Board discussed initiatives to promote growth and opportunities to improve profitability. Here, new product ideas and opportunities for growth in the area of increased networking in the healthcare sector were in the foreground.

**July 11, 2014:**

In a circulation procedure, the Supervisory Board approved the acquisition of a sales partner in the pharmacy software segment in Italy.

**August 05, 2014:**

In a conference call, the Supervisory Board discussed the Management Board's proposal to acquire an additional pharmacy software provider in Italy. The Supervisory Board approved this transaction.

**September 16, 2014:**

In this Supervisory Board meeting, the Supervisory Board discussed acquisitions in South Africa and the Netherlands. Both transactions were approved by the Supervisory Board.

Additional meeting topics were resolutions to restructure the business segments of the company and an editorial revision of the Declaration of Compliance with the German Corporate Governance Code. The Management Board informed the Supervisory Board of its deliberations on transforming the company to a European Company (SE).

**November 07, 2014:**

The draft of the 2015 budget was presented by the Management Board and discussed by the Management and Supervisory Boards. The Management Board presented the draft of the interim financial report from 09.30.2014 to the Supervisory Board for review. The Management Board explained its deliberations on the sale of a CGM Systema Deutschland GmbH business area not belonging to the company's core business.

The Supervisory Board discussed the Management Board's proposal to transform the company into a European Company (SE) and gave its approval.

**December 05, 2014:**

The Supervisory Board was informed about the current situation of all business areas in this session. The budget submitted by the Board in 2015 for the CGM Group was explained in detail to the Supervisory Board and then subsequently approved. The Supervisory Board received the Management Board's report on: the accounting process, the effectiveness of the internal control system, risk management and the internal audit system. The results therefrom were subsequently discussed with the Management Board. The sale of the business area 'ReWe' of CGM Systema Deutschland GmbH to a company controlled by CEO Mr. Frank Gotthardt was approved. Here, the Management Board presented a fairness opinion from a financial auditing firm.

There were no conflicts in interest from the Supervisory Board during the reporting time period. Prof. Dr. Gotthardt did not participate in the decision on the acquisition of land, which took place on May 14, 2014.

In a session taking place on March 19, 2015 the Supervisory Board discussed based on the following: annual statement for the 2014 financial year as provided by the Management Board; consolidated financial statements and the management report of the Company and the Group; the Management Board's proposal for the appropriation of accumulated earnings; and the respective audit reports issued by the financial auditor. The documents submitted were reviewed by the Supervisory Board. In this session, where the financial position was determined, the employees from the financial auditing firm, PricewaterhouseCoopers AG (PwC) in Frankfurt personally answered all questions posed by the Supervisory Board in detail.

The auditors (PwC) elected by the Annual General Meeting and appointed by the Supervisory Board, audited the annual financial statements for CompuGroup Medical AG, the consolidated financial statements and the respective annual reports of the AG and of the group for the year ending on December 31, 2014, including accounting records, in accordance with statutory provisions and issued an unrestricted audit certificate.

The Supervisory Board took note of the audit's findings and did not raise any objection.

In accordance with Section 171 of the Stock Corporation Act (AktG), the Supervisory Board has reviewed and adopted the following: annual financial statements of the parent company and the group; the annual reports of CompuGroup Medical AG and the group; the Management Board's recommended appropriation of net earnings for the year; the risk management report. The financial statements of CompuGroup Medical AG have thus been approved. The consolidated financial statements have also been adopted. The Management Board has submitted the report stipulated by Section 312 of the Stock Corporation Act (AktG) concerning relationships with related companies (dependency report) to the Supervisory Board together with the declaration required by Section 312 (3) of the Stock Corporation Act (AktG). The aforementioned auditor has checked the dependency report and issued the following certificate confirming the results of the audit:

*"Based on our obligatory audit and assessment, we confirm that*

- 1. the actual details in the report are correct,*
- 2. the payments rendered by the company were not unreasonably high for the legal transactions listed in the report."*

The Supervisory Board has noted and approved the audit results and has also reviewed the dependency report. Following the final results of the review conducted by the Supervisory Board, no objections were raised either against it or against the Management Board's declaration at the end of the dependency report.

The Supervisory Board would like to thank all the members of the Management Board and the employees of CompuGroup Medical AG including those employed with its subsidiaries for their commitment and work performed in the past financial year.

Koblenz, March 19, 2015

The Supervisory Board

Dr. Klaus Esser  
Chairman