



elanix
biotechnologies®

Elanix Biotechnologies AG

Berlin

Annual Financial Statements
According to German Commercial Code (HGB)

as of December 31, 2016

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Please note that for legal purposes, only the German financial statements are applicable.

Please find the management report integrated in the consolidated financial statements.

ELANIX BIOTECHNOLOGIES AG, BERLIN

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016

	<u>2016</u> Euros	<u>2015</u> Euros
1. Sales revenue	12'000.00	0.00
2. Other operating income	10'000.00	0.00
3. Staff costs		
a) Wages and salaries	-9'387.47	0.00
b) Social security and pension contributions	-996.97	0.00
4. Other operating expenses	-745'634.29	-108'408.87
5. Other interest and similar income	6'816.00	0.00
6. Write-downs on financial assets	0.00	-280'000.00
7. Interest and similar expenses	0.00	-11'131.97
8. <u>Net income after taxes</u>	<u>-727'202.73</u>	<u>-399'540.84</u>
9. <u>Net loss for the year</u>	<u>-727'202.73</u>	<u>-399'540.84</u>
10. Loss carried forward from previous year	-653'246.17	-253'705.33
11. <u>Accounting loss</u>	<u>-1'380'448.90</u>	<u>-653'246.17</u>

ELANIX BIOTECHNOLOGIES AG, BERLIN

BALANCE SHEET DATED 31 DECEMBER 2016

<u>ASSETS</u>	<u>31.12.2016</u> Euros	<u>31.12.2015</u> Euros	<u>LIABILITIES & EQUITY</u>	<u>31.12.2016</u> Euros	<u>31.12.2015</u> Euros
<u>A. NONCURRENT ASSETS</u>			<u>A. EQUITY</u>		
Financial assets			1. Subscribed capital	5'666'000.00	5'166'000.00
1. Shares in affiliated companies	5'387'298.12	5'387'298.12	2. Capital reserves	1'516'600.00	516'600.00
2. Loans to affiliated companies	626'816.00	0.00	3. Accounting loss	-1'380'448.90	-653'246.17
	<u>6'014'114.12</u>	<u>5'387'298.12</u>		<u>5'802'151.10</u>	<u>5'029'353.83</u>
<u>B. CURRENT ASSETS</u>			<u>B. PROVISIONS</u>		
I. Receivables and other assets			Other provisions	138'549.68	35'000.00
1. Receivables from affiliated companies	12'000.00	0.00			
2. Other assets	909.07	51'619.97	<u>C. LIABILITIES</u>		
	<u>12'909.07</u>	<u>51'619.97</u>	1. Trade payables	103'423.94	66'852.80
II. Cash on hand, credit balances with banks	16'470.47	3'420.51	2. Payables to affiliated companies	375.00	154'875.00
			3. Other liabilities	1'993.94	156'256.97
<u>C. DEFERRED ITEMS</u>	<u>3'000.00</u>	<u>0.00</u>		<u>105'792.88</u>	<u>377'984.77</u>
	<u>6'046'493.66</u>	<u>5'442'338.60</u>		<u>6'046'493.66</u>	<u>5'442'338.60</u>

ELANIX BIOTECHNOLOGIES AG
FINANCIAL STATEMENT NOTES FOR FINANCIAL YEAR 2016

1. General disclosures

Elanix Biotechnologies AG with registered office in Berlin is recorded in Commercial Register B kept by the District Court of Berlin-Charlottenburg under record HRB 17 33 84 P.

The company's annual financial statements were prepared in accordance with §§ 242 et seq. and 264 et seq. of German Commercial Code (HGB) and the applicable provisions of the German Stock Corporation Act, German Commercial Code and the company statutes. The company is a large stock corporation per § 264d and § 267 (3) HGB.

The balance sheet and profit and loss account are structured in line with § 266 (2) and (3) and § 275 (2) HGB. The profit and loss account was prepared applying the total cost accounting method.

2. Accounting and measurement methods

A. Non-current assets:

Financial assets are carried at cost less any necessary write-downs. Cost includes ancillary acquisition costs attributable to specific items.

B. Current assets:

Receivables and other assets are carried at the lower of nominal or fair value. Cash on hand and credit balances with bank are carried at nominal value.

C. Provisions:

Provisions are measured in an amount appropriate in view of all identifiable risks and expected liabilities. The measurement amount is determined based on prudent business judgement, reflecting the necessary settlement amount. Provisions expected to be utilised in a period longer than one year are appropriately discounted.

D. Liabilities:

Liabilities are carried at their respective settlement amount.

3. Notes on the Balance Sheet

Assets:

Non-current assets

The change in non-current assets is shown in the statement of change in non-current assets.

Notes on corporate affiliation

Receivables from affiliated companies are trade receivables.

Liabilities & equity:

Equity

As of the balance sheet date the company has share capital of 5,666,000.00 euros (previous year 5,166,000.00 euros), consisting of 5,666,000 no-par bearer shares with a value of 1.00 euro/share.

The Company's share capital increased from 5,166,000.00 to 5,666,000.00 euros through the issuance and cash sale of 500,000 no-par bearer shares with a value of 1.00 euro. Of that total, 405,000 shares were issued from authorised capital.

The Executive Board was authorised to increase share capital under a shareholder resolution at the Annual General Meeting on 22/09/2015. After the partial utilisation the amount of authorised capital is 2,178,000.00 euros. This authorisation expires at the end of 21/09/2020 (Authorised Capital 2015/I).

Additionally, pursuant to a resolution at the Annual General Meeting of 27 October 2016, the Executive Board is authorised, subject to Supervisory Board approval, to increase share capital by up to 655,000.00 euros through the date 26 October 2021 (Authorised Capital 2016/I).

The company's share capital was conditionally increased by resolution at the Annual General Meeting of 27 October 2016 by up to 566,600.00 euros (Conditional Capital 2016 I). This amount is for future granting of subscription rights to Executive Board members and the management of affiliated companies.

As at the balance sheet date, no share subscription rights per § 192 (2) no. 3 of the Stock Corporation Act (AktG) had been exercised.

An amount of 1.0 million euros was allocated to capital reserves in the financial year under review.

Provisions

Other provisions primarily consist of provisions for account closing and auditing costs in the amount of 59 thousand euros (previous year: 25 thousand euros) and provisions for outstanding invoices in the amount of 53 thousand euros (previous year: 10 thousand euros).

Liabilities

Liabilities held are due within a period of one year or less. The amount of social security liabilities is 2 thousand euros (previous year: 0 thousand euros).

4. Notes on the profit and loss account

Sales revenue

Revenue consists of cross charges to other group companies of 12 thousand euro (previous year: 0 thousand euros)

Income from other periods

Income from other periods resulted from the reversal of other provisions (10 thousand euros).

Expenses from other periods

Expenses from other periods resulted primarily from an adjustment of VAT tax deduction claims from the previous year (52 thousand euros).

Interest income

Interest income from affiliated companies totalled 7 thousand euros (previous year: 0 thousand euros).

5. Other disclosures

Executive Board

Mr. Tomas Svoboda, Advisory Board member, Eysins, Switzerland, from 12/02/2016

Mr. Armin Schulz, management consultant, Kaarst, until 20/06/2016

Shareholdings

The Company holds 100% of shares in the companies listed below:

Company name:	Elanix Biotechnologies S.A.
Registered office in:	Nyon, Switzerland
Shareholding percentage:	100%
Net profit/loss for the previous year:	Euro -597,048
Equity:	Euro -1,542,894

Supervisory Board

Mr. Torsten Cejka, solicitor, Eisenhüttenstadt, (Chairman) from 05/02/2016

Ms. Abigael de Buys Roessingh, chair of several non-profit organisations, Bussigny-prés-Lausanne, Switzerland, from 27/10/2016

Mr. Marc Voigt, CEO Prima BioMed Ltd., Berlin, from 27/10/2016

Mr. Matthias Gärtner, management consultant, Berlin, (Deputy Chairman) until 27/10/2016

Dr. Walter Blancke, university professor, Bayreuth, until 27/10/2016

Dr. E. Leopold Dieck, Entrepreneur, Ravensburg, (Chairman) until 05/02/2016

Mr. James Vallotton, Privatier, Switzerland (Deputy Chairman) until 05/02/2016

Mr. Richard Pajer, Investor, Dubai, United Arab Emirates, until 05/02/2016

Executive and Supervisory Board remuneration

Supervisory Board members received remuneration totalling 9 thousand euros in financial year 2016 (previous year: 0 thousand euros). Executive Board members received no remuneration in the financial year ended.

In the year under review the Company received the following disclosures per § 21 and § 41 of the Securities Trading Act (WpHG):

On 19 August 2016, Ms Martina Stadelmann filed a disclosure per § 21 (1) WpHG of holding 7.15% of voting rights.

Auditor fees

Auditor fees in the amount of 16 thousand euros were expensed in the period under review for the separate financial statements 27 thousand euros for the consolidated financial statements. The fees were exclusively paid for auditing services.

Number of employees

The Company had one employee during the financial year ended.

Proposal for appropriation of profits

The Executive Board proposes adding the net loss for the year to the loss carryforward and carrying the new total forward.

Events after the balance sheet date

The company was successfully able to place a cash capital increase between the balance sheet date and preparation reporting date. The cash capital increase was entered onto the commercial register on 24 February 2017. On this occasion, 1,133,200 shares were placed at a price of €4.20 each, which corresponds to gross

proceeds of €4,760,000. The share capital of Elanix Biotechnologies AG increased as a result to a total of €6,799,200.

Disclosures per § 161 AktG

The Executive and Supervisory Boards of Elanix Biotechnologies AG submitted a declaration on German Corporate Governance Code for the reporting period in line with § 161 of the Stock Corporation Act (AktG) which has been posted for shareholders on the website <http://www.elanix-bt.com>.

Berlin, 29 June 2017

Signed, Tomas Svoboda
Board of Directors
Elanix Biotechnologies AG

ELANIX BIOTECHNOLOGIES AG, BERLIN

CHANGE IN NON-CURRENT ASSETS IN FINANCIAL YEAR 2016

	ACQUISITION/PRODUCTION COST			CUMULATIVE DEPRECIATION				NET BOOK VALUE		
	01.01.2016 Euros	Additions Euros	Disposals Euros	31.12.2016 Euros	01.01.2016 Euros	Reclassifications Euros	Reversals Euros	31.12.2016 Euros	31.12.2016 Euros	31.12.2015 Euros
<u>FINANCIAL ASSETS</u>										
1. Shares in affiliated companies	5'387'298.12	0.00	0.00	5'387'298.12	0.00	0.00	0.00	0.00	5'387'298.12	5'387'298.12
2. Loans to affiliated companies	0.00	626'816.00	0.00	626'816.00	0.00	0.00	0.00	0.00	626'816.00	0.00
3. Non-current securities	280'000.00	0.00	0.00	280'000.00	280'000.00	0.00	0.00	280'000.00	0.00	0.00
	<u>5'667'298.12</u>	<u>626'816.00</u>	<u>0.00</u>	<u>6'294'114.12</u>	<u>280'000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>280'000.00</u>	<u>6'014'114.12</u>	<u>5'387'298.12</u>