

Elanix Biotechnologies AG

Consolidated Financial Interim-Statement

30 June 2017

All figures in EUR

Figures stated in the financial statements are rounded. The figures are calculated with great accuracy, but minor rounding discrepancies may occur.

Elanix Biotechnologies AG, Berlin
Consolidated profit and loss account for first financial half-year 2017

	01.01.2017	01.01.2016
	–	–
	30.06.2017	30.06.2016
	EUR	EUR
Revenue	77.847	-
Cost of sales	(18.468)	-
Gross profit	59.379	-
Other income	0	-
Administrative expenses	(2.036.218)	(939.961)
Operating loss before financial expenses	(1.976.839)	(939.961)
Financing costs	(73.771)	(187)
Income from financial investments	-	142
Loss from continuing operations before taxes	(2.050.610)	(940.006)
Income tax expense	374.097	156.090
Loss after taxes	(1.676.511)	(783.916)
Net loss/profit for the year attributable to:		
Shareholders of the parent company	(1.676.511)	(783.916)
Non-controlling shareholders	-	-
Earnings per share		
Basic (cents per share)	(0,26)	(0,15)
Diluted (cents per share)	(0,26)	(0,15)

Elanix Biotechnologies AG, Berlin
Comprehensive income for first financial half-year 2017

	01.01.2017	01.01.2016
	30.06.2017	30.06.2016
	EUR	EUR
Loss after Taxes	(1.676.511)	(783.916)
Reclassificational revenues		
Currency translation from foreign operations	76.151	(71.104)
Other results	76.151	(71.104)
Total Comprehensive loss	(1.600.360)	(855.020)
Comprehensive loss of the year attributable to:		
Shareholders of the parent company	(1.600.360)	(855.020)
Non-controlling shareholders	-	-

Elanix Biotechnologies AG, Berlin
Consolidated balance sheet dated 30. June 2017

ASSETS	30.06.2017	31.12.2016	LIABILITIES AND EQUITY	30.06.2017	31.12.2016
	In EUR	In EUR		In EUR	In EUR
Property, plant and equipment	29.410	15.159	Subscribed capital	6.799.200	5.666.000
Intangible assets (patent)	20.717.713	21.341.762	Reserve for currency effects, retained earnings	13.049.769	9.838.523
Deferred tax assets	694.691	271.530	Loss carried forward	(1.747.028)	(70.517)
Total noncurrent assets	21.441.815	21.628.451	Equity attributable to shareholders of the parent company	18.101.941	15.434.006
Trade receivables	1.960	140	Total equity	18.101.941	15.434.006
Other loans and advances	134.447	70.373	Other financial liabilities	178.278	515.121
Inventories	49.500	33.510	Deferred tax liabilities	4.689.389	4.848.368
Cash and credit balances at banks	2.284.544	73.581	Total noncurrent liabilities	4.867.667	5.363.489
Total current assets	2.470.451	177.604	Trade payables	130.189	250.266
			Other current liabilities	23.004	31.166
			Current provisions	789.465	727.128
			Total current liabilities	942.658	1.008.560
			Total liabilities	5.810.325	6.372.049
Total assets	23.912.266	21.806.055	Total assets	23.912.266	21.806.055

Elanix Biotechnologies AG, Berlin

Consolidated Statement of Cash Flows for first financial half-year 2017

	01.01.2017	01.01.2016
	-	-
	30.06.2017	30.06.2016
	In EUR	In EUR
Cash flow from operating activities		
Inflows from customers, adjusted	76.027	-
Payments to suppliers	(35.772)	(5.731)
Payments to service providers	(1.324.753)	(224.730)
Payments to employees	(214.368)	-
Interest paid	-	-
Net cash inflow from operating activities	(1.498.866)	(230.461)
Cash flow from investing activities		
Interest received	-	-
Payments for property, plant and equipment	(20.007)	-
Acquisitions of subsidiaries	-	-
Net cash outflow/inflow from investing activities	(20.007)	-
Cash flow from financing activities		
Proceeds from the issuance of company equity instruments	4.747.540	285.000
Costs of issuance of shares	(686.351)	-
Inflows from loans received	255.000	45.476
Repayments of loans	(586.353)	(156.257)
Interest paid	-	-
Net cash outflow from financing activities	3.729.836	174.219
Net increase in cash and cash equivalents	2.211.963	(56.242)
Cash and cash equivalents at start of the first financial half-year	73.581	72.820
Effect of exchange rate Movements	-	-
Cash and cash equivalents at end of the first financial half-year	2.285.544	16.578

Elanix Biotechnologies AG, Berlin

Consolidated Statement of Change in Equity as of 30. June 2017

	Subscribed capital	Capital reserves	Revaluation reserve	Total reserves	Retained earnings	Of which attributable to shareholders of the parent company
As at 12/31/2015	5.166.000	9.017.116	73.643	9.090.759	1.820.118	16.076.877
Net loss for the first half-year (restated)					(1.890.635)	(1.890.635)
Currency effects			(16.334)	(16.334)		(16.334)
Overall result			(16.334)	(16.334)	(1.890.635)	(1.906.969)
Elanix Biotechnologies AG share offering of 6.6.2016	95.000	190.000		190.000		285.000 Q
Elanix Biotechnologies AG share offering of 17.8.2016	405.000	810.000		810.000		1.215.000
Costs of share issues		(235.902)		(235.902)		(235.902)
<i>Totals</i>	500.000	764.098	(16.334)	747.764	(1.890.635)	(645.871)
As at 12/31/2016	5.666.000	9.781.214	57.309	9.838.523	(70.517)	15.434.006
Net loss for the first half-year					(1.676.511)	(1.676.511)
Currency effects			76.151	76.151		76.151
Overall result			76.151	76.151	(1.676.511)	(1.600.360)
Elanix Biotechnologies AG share offering of 9.3.2017	1.133.200	3.614.340		3.614.340		4.747.540
Costs of share issues		(479.245)		(479.245)		(479.245)
<i>Totals</i>	1.133.200	3.135.098	76.151	3.211.246	(1.676.511)	2.667.935
As at 06/30/2017	6.799.200	12.916.309	133.460	13.049.769	(1.747.028)	18.101.941

Elanix Biotechnologies AG, Berlin

Financial Statement Notes for Half-Year Financials 2017

1. General disclosures

Elanix Biotechnologies AG (hereinafter: "the Company" or "the Group") is a stock corporation domiciled in Germany. Elanix Biotechnologies AG is its parent company and the top-level parent company. The Company's registered office and headquarters is at Domstrasse 22, 14482 Potsdam, Germany. The Company and its subsidiary are active in the field of regenerative medicine and have a number of product candidates based on predecessor or so-called 'progenitor' cells.

The company's business is essentially the same as that of Elanix Technologies AG in December 2015 against the issuance of new shares of the acquired business operation. As a result, Elanix Biotechnologies AG is recognized as the economic continuation of Elanix Technologies AG under IFRS. Accordingly, it spearheads the assets and liabilities of Elanix Technologies AG.

The closing date of the individual financial statements is 31 December of the respective year. The accounting year corresponds to the calendar year for all Group companies. The consolidated financial statements were prepared applying historical cost (acquisition or production cost). Assets and liabilities acquired by a business combination are measured at fair value at the time of acquisition. The profit and loss account is structured as cost of sales accounting. Similar accounting methods are applied for all companies included in the consolidated financial statements.

All amounts are expressed in Euro (EUR) except explicitly noted. Individual and summary Figures stated in the financial statements are rounded. The figures are calculated with great accuracy, but minor rounding discrepancies may occur.

The German Corporate Governance Code Declaration is stated in note 6.11 of the Financial statement for Financial Year 2016. The annual financial statements were approved and released for publication by the Executive and Supervisory Boards on 29 June 2017

2. Significant accounting and measurement methods

2.1 Acquisitions of subsidiaries

So far in 2017 no subsidiaries have been acquired.

2.2 Disclosures on subsidiaries

Name of the subsidiary	Main business	Head Office	Proportion of voting rights 06/30/2017	Share of the capital 06/30/2017
Fully consolidated Subsidiaries				
Elanix Biotechnologies SA	Regenerative Medicine	Nyon	100%	100%
Elanix SARL	Patent Company	Nyon	100%	100%
Repair-A AG	Cosmetic Creams	Nyon	100%	100%

The subsidiaries in Switzerland are exempt from the stock corporation rules requiring the preparation, external auditing and publishing of annual financial statements and a management report

Name of the subsidiary	Main business	Head Office	Result (Loss) 2017 EUR	Equity at 06/30/2017 EUR
Fully consolidated Subsidiaries				
Elanix Biotechnologies SA	Regenerative Medicine	Nyon	(730.482)	(2.188.339)
Elanix SARL	Patent Company	Nyon	(1.320)	(13.545)
Repair-A AG	Cosmetic Creams	Nyon	(277.852)	(172.074)

2.3 Currency Exchange

The annual financial statements of fully consolidated subsidiaries whose functional currency is not the euro are translated into the Group's reporting currency € on the basis of their functional currency, the Swiss franc (CHF). The modified closing date method is utilised for translation, i.e. assets and liabilities are translated rate as at the balance sheet date, except for patents, which are measured at historical rates, and profit and loss account items which are translated at the average annual

rate. The average exchange rate is calculated based on average monthly rates. Equity components are translated at historical rates as at their respective dates of addition from a consolidated perspective. The currency difference resulting from translation is recorded directly in equity as cumulative other comprehensive income. Currency translation differences recorded in equity are reversed when a group company is deconsolidated, affecting profit and loss.

The subsidiary Elanix SARL is considered as integrated part of the parent company. Accordingly, Euro is considered as functional currency of Elanix SARL. The patent of the Group are hold by Elanix SARL.

The report currency of the company is EUR.

06/30/2016	EUR/CHF
0,90491	Average exchange rate (Exchange revenues and expenses)
0,90951	Closing exchange rate (Exchange assets and liabilities)
12/31/2016	EUR/CHF
0,91736	Average exchange rate (Exchange revenues and expenses)
0,93284	Closing exchange rate (Exchange assets and liabilities)
06/30/2017	EUR/CHF
0,92162	Average exchange rate (Exchange revenues and expenses)
0,90496	Closing exchange rate (Exchange assets and liabilities)

3. Disclosures to the profit and loss account

3.1 Revenue

Group revenue for the financial year (excluding income from financial investments) breaks down as follows:

	01.01.2017	01.01.2016
	–	–
	30.06.2017	30.06.2016
	EUR	EUR
Earnings of selling products	9.187	-
Earnings of License fees	68.660	-
Earnings of services	-	-
	<u>77.847</u>	<u>-</u>
Reduction in earnings (cash discounts)	-	-
	<u>77.847</u>	<u>-</u>

3.2 Composition of Staff expenses

	01.01.2017	01.01.2016
	–	–
	30.06.2017	30.06.2016
	EUR	EUR
Salaries	243.821	-
Costs of social security	26.445	-
Costs of retirement provision	15.498	-
Other staff expenses	5.421	-
Total	<u>291.185</u>	<u>-</u>

3.3 Administration expenses

Administrative expenses from continuing operations for the financial year break down as follows:

	01.01.2017 – 30.06.2017 EUR	01.01.2016 – 30.06.2016 EUR
Write-offs	629.753	678.653
Staff expenses	285.764	
Marketing expenses	240.834	567
Lawyer expenses	195.632	47.788
Counseling, accounting and revision	157.910	37.822
Extern Staff	153.611	67.807
Administration expenses Stock, Investor relation etc.	150.380	
Representation costs	50.503	18.107
Rent	49.463	1.774
Maintenance expenses	47.890	5.938
Common Office and administration expenses	44.326	27.043
Expenses research and development	7.258	
Cell storage	5.695	
Recruitment fees	5.421	6.597
Patent licensing expenses	4.720	7.636
Cell Storage	4.011	5.731
Expenses for reaching quotation	1.950	30.000
Other Company expenses	1.097	
External costs for build-up and financing (consulting)		4.498
	<u>2.036.218</u>	<u>939.961</u>

3.4 Immediately expensed research and development costs

	01.01.2017 – 30.06.2017 EUR	01.01.2016 – 30.06.2016 EUR
Research and development cost (salaries)	85.236	-

3.5 Result per share

a) Undiluted result per share

	2017 (1. Half-year) Cents per share	2016 Cents per share	2016 (1. Half-year) Cents per share
Basic result per share	(0,26)	(0,36)	(0,15)

The earnings and weighted average number of ordinary shares applied in the calculation of basic earnings per share were as follows:

EUR	2017 (1. Half-year)	2016	2016 (1. Half-year)
Net loss for the year attributable to shareholders of the parent company	(1.676.511)	(1.890.635)	(783.916)
Weighted average number of ordinary shares applied in calculating basic earnings per share	6.368.711	5.317.205	5.205.804

b) Diluted result per share

	2017 (1. Half-year) Cents per share	2016 Cents per share	2016 (1. Half-year) Cents per share
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Diluted result per share (0,26) (0,36) (0,15)

The diluted result per share equals the undiluted result per share as no potential shares with dilution have to be considered.

4. Details to consolidated balance sheet

4.1 Immaterial assets

The carrying amounts of intangible assets at the reporting date are stated in the table below:

	30.06.2017	31.12.2016	
Patent	20.584.301	21.208.350	
Goodwill	133.412	133.412	
			Patents Goodwill Total
Cost of production			
As of 12/31/2015	24.951.137	-	24.951.137
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-	133.412	133.412
Separation			-
As of 12/31/2016	24.951.137	-	25.084.549
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-	-	-
Separation			-
As of 06/30/2017	24.951.137	133.412	25.084.549
Cumulated write-offs and impairment of value			
As of 12/31/2015	2.495.237	-	2.495.237
Write-off expenses	1.247.550		1.247.550
Separation			-
Impairment of value			-
Other			-
As of 12/31/2016	3.742.787	-	3.742.787
Write-off expenses	623.775		623.775
Separation			-
Impairment of value			-
Other	274		274
As of 06/30/2017	4.366.836	-	4.366.836

Forward-looking statements made in connection with the measurement of intangible assets are based on current estimates and assumptions based on current knowledge. Such forward-looking statements involve risks, estimates, assumptions, uncertainties and other factors the manifestation or accuracy of which could lead to actual outcomes materially differing from projections implicitly made based thereupon or not manifesting, requiring the recording of impairments on intangible assets.

Intangible assets are measured based on projections and estimates of future sales, thus there is substantial measurement uncertainty. A number of factors may materially impact measurement, some of which may be beyond the Group's control.

4.2 Latent tax receivables and debts

Provided below is an analysis of the deferred tax assets and liabilities. Deferred tax liabilities are related to the Patent whereas the taxable value is significantly lower than the book value recorded.

	30.06.2017	31.12.2016
	EUR	EUR
Latent tax receivables	694.691	271.530
Latent tax debts	4.689.389	4.848.368

	Active latent taxes	
	30.06.2017	31.12.2016
	EUR	EUR
Tax losses carried forward	487.585	271.530
Other active latent taxes	207.106	
Pre-tax amount	694,691	271.530
Adjustment of the value		
Balancings		
Balance sheet approach	694,691	271.530

5. Other Information

5.1 Staff

The average number of employees was 6.08 – see breakdown of employees below:

	30.06.2017	31.12.2016	30.06.2016
Employees	9	5	0
Commercial Employees	0	0	0

5.2 Company governance boards

Executive Board:

Herr Tomas Svoboda (ab 12.02.2016)

The Supervisory Board members during the year under review were:

Torsten Cejka	Supervisory Board Chairman
Abigaël de Buys Roesingh	Supervisory Board Member
Marc Voigt	Supervisory Board Member

5.3 Events after the balance sheet date

The Supervisory Board Chairman (Mr. Torsten Cejka) leaves the Company after the general business meeting as of 24 August 2017.

6. Segment reporting

Currently the Group's two primary business segments are Regenerative Medicine and Cosmetic Ointments. Anything not directly attributable to a primary business segment due to it not being a direct activity is reflected in the reconciliation statement.

	Regenerative Medicine ¹ EUR	Cosmetic Creams EUR	Crossover EUR	Company EUR
2016 (1. Half-year)				
Sales revenue	-	-	-	-
Other internal revenues	-	-	-	-
Total revenues	-	-	-	-
Result before taxes	(692.019)	-	(247.942)	(939.961)
<u>Further Information</u>				
Write-offs	623.775	-	-	623.775
Segment investment	-	-	-	-
Number of Employees at the end of the year	-	-	-	-
2017 (1. Half-year)				
Sales revenue	68.660	9.187	-	77.847
Other internal revenues	-	-	-	-
Total revenues	68.660	9.187	-	77.847
Result before taxes	(782.163)	(381.995)	(812.681)	(1.976.839)
<u>Further Information</u>				
Write-offs	623.775	-	5.978	629.753
Segment investment	-	-	20.007	20.007
Number of Employees at the end of the year	2	2	5	9

Geographical segments respectively Segments based on regions

The company operates exclusively in Europe (Germany and Switzerland) and Taiwan:

EUR	2017 (1. Half-year)		2016 (1. Half-year)	
	Regenerative Medicine ² EUR	Cosmetic Creams EUR	Regenerative Medicine ³ EUR	Cosmetic Creams EUR
Geographical split of Revenue				
Switzerland	-	9.187	-	-
EU	-	-	-	-
Taiwan	68.660	-	-	-
Total Revenue	68.660	9.187	-	-

The important immaterial asset (Patent) is located in Elanix SARL (Switzerland).

Berlin, the 27 September 2017

Signed Tomas Svoboda (Management)

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