Elanix Biotechnologies AG

Consolidated Financial Statement

31 Dezember 2017

Alle 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 financial year 2017

	Notes	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Sales Revenue	4.1	**328.148**	**6.226**
Cost of sales		(157.619)	(3.478)
Gross profit		**170.529**	**2.748**
Other income		51.420	3
Administrative expenses	4.5	(4.611.074)	(2.325.867)
Operating loss before financial expenses		**(4.389.125)**	**(2.323.116)**
Financing costs	4.6	(498.120)	(42.521)
Income from financial investments	4.2	226.540	20.124
Loss from continuing operations before taxes		**(4.660.705)**	**(2.345.513)**
Income tax expense	4.7	830.444	454.878
Loss after taxes		**(3.830.261)**	**(1.890.635)**
Net loss/profit fort the year attributable to :			
Shareholders of the parent company			
Non-controlling shareholders			
		(3.830.261)	(1.890.635)
		-	-
Earnings per share			
Basic (cents per share)	4.9	(0,58)	(0,36)
Diluted (cents per share)	4.9	(0,58)	(0,36)

Elanix Biotechnologies AG, Berlin
Comprehensive income for financial year 2017

	Notes	01/01/2017 – 31/12/2017	01/01/2016 – 31/12/2016
		EUR	EUR
Loss after taxes		**(3.830.261)**	**(1.890.635)**
Reclassificational revenues			
Currency translation from foreign business concerns		(12.700)	16.334
Other results		(12.700)	16.334
Total comprehensive loss		**(3.842.961)**	**(1.874.301)**
Comprehensive loss oft he year attributable to:			
Shareholders oft he parent company		(3.842.961)	(1.874.301)
Non-controlling shareholders		-	-

Elanix Biotechnologies AG, Berlin
Consolodated balance sheet dater 31 Dezember 2017

ASSETS	Notes	31/12/2017 In EUR	31/12/2016 In EUR
Property, plant and equipment		39.710	15.159
Intangible assets (patent)	5.1	20.093.938	21.341.762
Deferred tax assets	4.7	1.022.420	271.530
Total noncurrent assets		**21.156.068**	**21.628.451**
Trade receivables		201.522	140
Other loans and advances		296.328	70.373
Short-term interestbearing receivables		416.101	-
Inventories		138.691	33.510
Cash and credit balances at banks	5.4	212.228	73.581
Total current assets		**1.264.870**	**177.604**
Total assets		**22.420.938**	**21.806.055**

LIABILITIES AND EQUITY	Notes	31/12/2017 In EUR	31/12/2016 In EUR
Subscribed capital	5.2	6.799.200	5.666.000
Reserve for currency effects, retained earnings		13.049.769	9.838.523
Loss carried forward		(3.814.493)	(70.517)
Wquit attibutable to shareholders of the parent company		16.034.476	15.434.006
Total equity		**16.034.476**	**15.434.006**
Other financial liabilities		168.354	515.121
Deferred tax liabilities	4.7	4.561.368	4.848.368
Total noncurrent liabilities		**4.729.722**	**5.363.489**
Pension liability		203.227	-
Trade payables		576.464	250.266
Other current liabilities		124.469	31.166
Current provisions	5.3	752.580	727.128
Total current liabilities		**1.656.740**	**1.008.560**
Total liabilities		**6.386.462**	**6.372.049**
Total assets		**22.420.938**	**21.806.055**

Elanix Biotechnologies AG, Berlin

Consolidated Statement of Cash Flows for Financial Year 2017

	Notes	01/01/2017 – 31/12/2017 In EUR	01/01/2016 – 31/12/2016 In EUR
Cashflow from operating activities			
Inflows from customers, adjusted		141.239	6.086
Payments to suppliers		(206.732)	(3.478)
Payment to service providers		(2.685.826)	(660.609)
Payments to employees		(1.022.388)	(165.864)
Interest paid		(1.159)	-
Net cash inflow from operating activities		**(3.774.867)**	**(823.865)**
Cashflow from investing activities			
Interests received		-	-
Payments for property, plant and equipment		(35'335)	(19.010)
Acwuisitions of subsidiaries	3.2	-	(112.453)
Net casch outflow/inflow from investing activities		**(35.335)**	**(131.463)**
Cash flow from financing activities			
Proceeds from the issuance of company equity instruments	5.2	4.759.440	1.500.000
Costs of issuance of shares		(479.245)	(235.902)
Inflows from loands received		-	312.960
Repayments of loans		(331.353)	(597.420)
Granting loans		(436.348)	
Interest paid		-	(23.550)
Net cash outflow from financing activities		**(3.948.842)**	**956.088**
Net increase in cash and cash equivalents		**138.647**	**760**
Cash and cash equivalents at start of the financial year		73.581	72.820
Effects of exchange rate movements		-	-
Cash and cash equivalents at end of the financial year		**212.228**	**73.581**

Consolidated Statement of Movements in Group Equity for the Financial Year 2017

	Subscribed capital	Capital reserves		Revaluation reserve	Total reserves	Retained earnings	Of which attibutable to shareholders of the parent company
As at 31/12/2015	5.166.000	9.017.116		73.643	9.090.759	1.820.118	16.076.877
Net loss for the year						(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)
Capital increase of the Elanix Biotechnologies AG from 15.04.2016	95.000	190.000			190.000		285.000
Capital increase of the Elanix Biotechnologies AG from 11.08.2016	405.000	810.000			810.000		1.215.000
Costs of the share issue		(235.902)			(235.902)		(235.902)
	500.000	764.098		(16.334)	747.764	(1.890.635)	(642.871)
As at 31/12/2016	5.666.000	9.778.214		57.309	9.838.523	(70.517)	15.434.006
Net loss for the year						(3.830.216)	(3.830.261)
Currency effects				12.700	12.700		12.700
Overall result				12.700	12.700	(3.830.261)	(3.817.561)
Effects of retirement			137.836				
provision from Elanix					137.836		137.836
Biotechnologies AG							
From 09.03.2017	1.133.200	3.626.240			3.626.240		4.759.440
Costs oft he share issue		(479.245)			(479.245)		(479.245)
	1.133.200	3.146.995	137.836	12.700	3.297.531	(3.830.261)	600.470
As at 31/12/2017	6.799.200	12.928.209	137.836	70.009	13.136.054	(3.900.778)	16.034.476

Elanix Biotechnologies AG, Berlin

Financial Statement Notes for Financial Year 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 is registered at the Commercial Register of the Local Court of Berlin (Register No. HRB 19360) and its 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 6.9 of the Financial statement for Financial Year 2017. The annual financial statements were approved and released for publication by the Executive and Supervisory Boards on 29 June 2017

2. Accounting principles

2.1 Regulations issued

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are supplemented in accordance with § 315 a (1) of German Commercial Code (HGB).
The accounting methods as of 31.12.2017 agree with the accounting methods of the prior year except the changes explained thereafter.

The following new or amended standards and interpretations have been applied for the first time in 2017:

Standard / Interpretation		Consequences
IAS 7	Cash flow statement	Additional information in the notes of the cash flow statement
IAS 12	Income tax: Approach of latent tax claims for unrealized losses	None

The following new or amended standards and interpretations have been adopted by the IASB but are not yet mandatorily applicable. The Company has not applied these rules on an early basis.

Standard / Interpretation		To execute as of	Expected impact
IAS 40	Real estate as financial investment: Transfer of Real estate as financial investment	01/01/2018	None
Diverse	Yearly progression oft he IFRS 2014-2016 (accumulative standard)	01/01/2018[1]	No significant impact
IFRS 2	Classification and rating of business transaction with reimbursements based on shares	01/01/2018[1]	None
IFRS 4	Utilization of IFRS 9 ‚Financial instruments' together with IFRS 4 ‚Insurance agreements'	01/01/2018[1]	None
IFRS 9	Financial Instruments	01/01/2018	No significant impact
IFRS 15	Revenue of agreements with customers	01/01/2018	To be tested; rather little effect
IFRS 15	Clarification of IFRS 15 Revenue of agreements with customers	01/01/2018[1]	Minor effects expected
IFRIC 22	Transactions in foreign currency and pre paid services	01/01/2018[1]	None
IFRS 16	Leasing	01/01/2019[1]	No application expected
IFRIC 23	Insecurity telating to income tax handling	01/01/2019[1]	None
IFRS 17	Insurance agreements	01/01/2021[1]	None
IAS 40	Real estate as financial investment: Transfer of Real estate as financial investment	01/01/2018	No application expected
IFRS 10 / IAS28	Divestiture or contribution of the financial assets between an investor and an associated company or joint venture	Postponed for an indefinite period	

[1] Adaption to european law is pending.

2.1 Estimate uncertainties and discretionary decisions

When applying the group's accounting and valuation methods, the management must assess, make estimates and assumptions regarding the carrying amounts of assets and liabilities that cannot be determined directly from other sources. The estimates and the underlying assumptions are based on past experiences as well as other factors deemed relevant. The actual values may differ from the estimates.

The assumptions underlying the estimates are subject to a periodic review. Changes in estimates are taken into account only if the change affects just one period. If the changes affect the current and subsequent reporting periods, these are taken into account accordingly in this and subsequent periods.

The most important discretion exercised by the management in applying the company's accounting and valuation methods and the most significant effects of these discretionary exercises on the amounts reported in the consolidated financial statements are set out below. In addition, the most important future-oriented assumptions as well the other material sources of estimate uncertainties are disclosed at the end of the reporting period, which could lead to a considerable risk that a substantial adjustment of the reported assets and liabilities will be necessary within the next fiscal year.

In our assessment, the assumptions underlying the valuation of the patent are materially uncertain as to the developmental period:

The Company has made assumptions regarding the development time for the First-Cover product. The development respective First-Cover lunch takes place in successive phases, whereby the results of individual phases influence the next phase. The duration of the individual development phases was estimated by the company. The assessment of the patent depends on whether the assumptions made for the market launch can be complied with. Based on a sensitivity analysis, the company assesses the impairment risk of the patent as a result of possible delays in the market entry as follows:

If the market entry is delayed more than 24 months against the company's plan (planned market entry First-Cover at the end of 2019), the value in use approaches the carrying amount of the patent.

3. Significant accounting and measurement methods

3.1 Principles of consolidation

The consolidated financial statements incorporate the accounts of the parent company and its controlled enterprises (subsidiaries). The Company has control when it:

- is able to exercise powers of disposal over the company in which it holds equity
- is subject to fluctuating returns from the equity holding, and
- is able to influence the amount of returns through its powers of disposal.

In the Elanix Group, control over subsidiaries is derived without exception from the holding of all voting rights in the respective companies.

A subsidiary is included in the consolidated financial statements as of the date on which the company acquires control over the subsidiary until the date on which control by the Company ceases.

Acquisitions of business operations are accounted for applying the purchase method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the fair value of assets transferred at the time of acquisition, liabilities assumed by the former owners of the acquired company and equity instruments issued by the Group in exchange for control of the acquired company. Transaction costs connected with the business combination are recorded through profit and loss as incurred.

Business value from acquisitions is not amortized but tested annually (impairment test) and amortized to its lower recoverable amount in the event of a depreciation.

Intra-group transactions, balances and unrealized gains from supply and performance relationships between the companies in the consolidated companies are completely eliminated. The same applies to unrealized losses, unless the transaction indicates a depreciation of the transferred asset.

3.2 Acquisitions of subsidiaries

During the reporting period, no changes occured in the scope of consolidation.

3.3 Information of subsidiary companies

Name of the subsidiary	Main business	Head Office	Proportion of voting rights 31/12/2017	Share oft he capital 31/12/2017
		Full consolidated Subsidiaries		
Elanix Biotechnologies SA	Regenerative Medicine	Nyon	100%	100%
Elanix SARL	Patent Company	Nyon	100%	100%
Repair-A AG	Cosmetic Cream	Nyon	100%	100%

The companies in Switzerland are not obliged to audit their financial statements nor to disclose them.

Name of the subsidiary	Main business	Head Office	Result (Loss) 2017 EUR	Equity at 31/12/2017 EUR
		Full consolidated Subsidiaries		
Elanix Biotechnologies SA	Regenerative Medicine	Nyon	(2.104.822)	(3.370.610)
Elanix SARL	Patent Company	Nyon	(818)	(12.345)
Repair-A AG	Cosmetic Creams	Nyon	(487.490)	(365.361)

3.4 Revenue recognition

Sales revenues are measured at the fair value of consideration received or receivable, less expected customer returns, discounts and other similar deductions. The company receives sales revenue from the sales of goods. These revenues are recognized when the goods are delivered and the material risks of ownership has been transferred to the buyer.

3.5 Income Taxes

Income tax expense is the sum of current tax expense and deferred taxes.

Current and deferred taxes are recorded on the profit and loss account except if related to items recorded under other comprehensive income or directly in equity. In such case, current and deferred taxes are likewise recorded under other comprehensive income or directly in equity. If current or deferred taxes resulting from initial recognition of a business combination, the tax effects are factored into accounting for the business combination.

Current tax expense is calculated on the basis of the taxable income for the year. Differences between taxable income and net profit for the year on the consolidated profit and loss account result from expenses which are deductible in subsequent years or never deductible and/or income which is taxable in subsequent years or never taxable. The Group's current tax liability is calculated at tax rates which either are or will soon be applicable.

Deferred taxes are recognised for differences between the carrying amounts of assets and liabilities on the consolidated financial statements and their corresponding tax accounting values for calculating taxable income. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available for which the deductible temporary differences can be utilised. Such deferred tax assets and deferred tax liabilities are not recognised if temporary differences arising from goodwill or initial recognition (other than in the case of business combinations) result from other assets and liabilities deriving from actions which neither affect taxable income nor net profit for the year.

The carrying amount of deferred tax assets is reviewed each year as at the balance sheet date and reduced if it is no longer probable that sufficient taxable income will be available to fully or partially utilise the asset.

Deferred tax liabilities and tax assets are measured based on the expected tax rates and tax laws expected to apply at the time the liability is redeemed or the asset realised.

3.6 Earnings per share

Basic earnings per share is calculated by dividing the share of after-tax profits accruing to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share is calculated applying the assumption that all potentially dilutive securities and share-based compensation plans are converted or exercised.

3.7 Intangible assets

3.7.1 Acquired patent

The company has an intangible asset in the form of a patent portfolio. The asset is measured at cost less accumulated amortization and depreciation losses. Depreciation is amortized on a straight-line basis over the expected useful life of 20 years. Since the company has not yet generated any sales revenues from the utilization of the patent, it reports depreciation in the consolidated income statement under administrative expenses. The expected useful life and the depreciation method are reviewed on each reporting date. The company shall consider any changes in the estimates prospectively.

The company checks at each reporting date, whether there are any indications of an incurred depreciation of the patent portfolio. Possible indications of depreciation may result from delayed market lunch of the products made using the patent or unexpected difficulties in the development of products for market maturity. If such indications are identifiable, the company checks whether a net inflow of cash and cash equivalents can be generated by the sale of the patent portfolio or through its internal use, which at least covers the carrying amount of the asset. If this is not the case, the company records a depreciation loss in the income statement in the amount of the difference.

Neither in the current financial year nor in the previous year were there any indications of a possible depreciation of the patent portfolio.

If the reason for a recorded depreciation expense in the past has expired in whole or in part, the carrying amount of the asset is upgraded in profit or loss. The value recovery is limited to the value which would have resulted if no depreciation expense would have been recorded for the asset or cash generating unit in previous years. In addition, the net inflow of liquid assets that can be realized with the asset by the reversal cannot be exceeded.

3.7.2 Goodwill

Goodwill resulting from a business combination is carried at cost less any necessary impairments and shown separately on the consolidated balance sheet.

In impairment testing, goodwill from an on acquisition is allocated to the cash generating units (or groups) of the Group that are expected to benefit from the synergies resulting from the combination.

Cash generating units to which a portion of goodwill has been allocated are to be impairment tested at least annually. If there are indications of impairment with a unit, impairment testing may have to be performed more frequently.

If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is initially applied to the carrying amount of any goodwill allocated to the unit, and then to other assets in proportion with the respective book values of all assets in the unit. The recoverable amount is greater of value in use or fair value less selling costs.

Any impairment of goodwill is directly expensed in the profit and loss account. An impairment recorded on goodwill may not be reversed in future periods.

3.8 Property, plant and equipment

Technical equipment and machinery and office and business equipment are carried at acquisition or production cost less cumulative depreciation and impairments.

An asset is depreciated on a straight-line basisover its useful life of 5-10 years down to its residual value. Expected useful life, residual value and depreciation method are reviewed as at every statement date, taking all changes in estimates prospectively into account.

Property, plant and equipment is depreciated upon disposal or when no future economic benefit is expected from continued use of the asset. The gain or loss resulting from the sale or decommissioning of property, plant or equipment assets is calculated as the difference between sale proceeds and the carrying amount of the asset and is recorded in profit and loss.

3.9 Receivables

Receivables are activated by the company with the creation of an enforceable claim. The initial acquisition is made at the fair value plus any transaction costs. The subsequent valuation is carried out at amortized cost using the effective interest method.

Depreciation on receivables are recorded if the present value of the expected inflows of payments does not cover the carrying amount of the claim. In assessing whether a possible depreciation exists, the company is directed by the payment history of the debtor and other information received which indicates the economic difficulties of the debtor. The cash value is determined using the effective interest rate of the financial asset. If the reason for a depreciation in previous years does not materialize, an appreciation in value in the income statement is to be made to the minimum of the recoverable amount and the amortized cost.

3.10 Cash and credit balances at banks

Cash and credit balances at banks are carried at cost. These items include cash holdings only.

3.11 Provisions

Provisions are recognised when the Group has a present legal or de facto obligation arising from a past event and it is probable that settlement of the obligation will involve an outflow of resources and the provision amount for such can be reliably estimated.

The provision amount is calculated as a best estimate as at the balance sheet date of the amount payable to settle the present obligation. Risks and uncertainties inherent with the obligation must be taken into account. If a provision is measured based on the estimated payment flows to settle the obligation, the payment flows are to be discounted if there is a material interest effect.

If it is expectable that some or all of the economic benefit necessary to fund the provision will be reimbursed by an external third party, that claim is recognised as an asset if the reimbursement is nearly certain to occur and the amount can be reliably estimated.

3.12 Financial liabilities

Financial liabilities are recognised when a group company becomes a contract party to the financial instrument. Financial liabilities are measured at fair value upon their addition.

3.13 Currency translation

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 is hold by Elanix SARL.

The report currency of the company is EUR.

31/12/2016	EUR/CHF
0,91736	Annual average exchange rate (Exchange earnings and costs)
0,93284	Annual closing exchange rate (Exchange assets and liabilities)

31/12/2017	EUR/CHF
0,89963	Annual average exchange rate (Exchange earnings and costs)
0,85459	Annual closing exchange rate (Exchange assets and liabilities)

4. Disclosures to the profit and loss account

4.1 Revenue

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

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Earnings of selling products	261.125	6.226
Earnings of licences	67.023	
Earnings of services	-	-
	328.148	6.226
Reduction in earnings (Cash discounts)	-	-
	328.148	6.226

4.2 Earnings from Investments, Dividends and Interest

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Received dividends	-	-
Exchange rate earnings	226.540	20.124
Other	-	-
Total	226.540	20.124

4.3 Other earnings

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Setoff of non-cash benefits to related parties	-	3
Recuperation of non-capitalized sales tax	51.420	
Total	51.420	3

4.4 Composition of Staff expenses

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Salaries	598.080	113.875
Costs of social security	51.186	13.151
Costs of retirement provision	94.843	29.667
Other staff expenses	34.111	9.171
Total	778.220	165.864

4.5 Administration expenses

The breakdown of the administrative expenses for financial year relating to continuing operations is as follows :

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Write-offs	1.259.241	1.251.338
Staff expenses	778.220	165.864
Counseling, accounting and revision	634.842	188.072
Representation costs	414.637	58.191
Lawyer expenses	295.191	71.828
Extern staff	293.610	182.365
Administration expenses Stock, Investor relation etc.	253.369	113.892
Costs for the general business meeting	128.050	24.135
Representation costs	114.668	37.139
Rent	108.649	8.207
Maintenance expenses	82.635	21.664
Cost Research & Development	59.023	
Logistic services	53.595	
Expenses for patent licensing	39.433	18.833
Costs for the general business meeting	33.083	92.965
Other company expenses	21.207	4.743
Cell Storage	14.662	5.797
Remuneration tot he Supervisory Board	26.959	
Write-offs of receivables (sales tax)		74.233
Extern expenses Consultancy		6.601
	4.611.074	2.325.867

4.6 Financing costs

	01.01.2017 – 31.12.2017 EUR	01.01.2016 – 31.12.2016 EUR
Interest on autstanding account and credit (not from related parties)	32	32
Interest on autstanding account and credit (from related parties)	23.550	23.550
Total Interest expenses	23.582	23.582
Other financing costs	18.939	18.939
Total	42.521	42.521

4.7 Income tax

4.7.1 Income taxes recorded in profit and loss

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Continuous taxes		
Income tax expenses/earnings in the ongoing year	(340)	1.148
Latent taxes		
Registered latent tax expenses	830.784	453.730
Tax expense for the current period	830.444	454.878

Neither in the current period nor the prior year any income tax effects have been recorded directly in equity or other comprehensive income.
The result for the period can be derived from tax expense for the financial year as follows:

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Pre-tax result	(4.660.705)	(2.345.513)
Income tax expense at tax rate of 23%	1.071.962	539.468
Effects of non-deductible expenses and income	(118.852)	
Effects of losses carried forward where no latent tax receivable has been recorded	(148.995)	(118.852)
Tax rate differences	26.329	34.262
Income tax expense recorded on the profit and loss account	830.444	454.878

An average income tax rate of 23% was applied for calculating current taxes in Switzerland (previous year: 23%). This expected average tax rate is the weighted average tax rate of the consolidated companies.

4.7.2 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.

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Latent tax receivables	1.022.420	271.530
Latent tax debts	4.561.368	4.848.368

	Active latent taxes	
	31/12/2017 EUR	31/12/2016 EUR
Tax Losses carried forward	1.022.420	271.530
Pre-tax amount	**1.022.420**	**271.530**
Adjustment of the value		
Balancings		
Balance sheet approach	**1.022.420**	**271.530**

	Passive latent taxes	
	31/12/2017 EUR	31/12/2016 EUR
Immaterial assets (patent)	4.561.368	4.848.368
Pre-tax amount	**4.561.368**	**4.848.368**
Adjustment of the value		
Balancings		
Balance sheet approach	**4.561.368**	**4.848.368**

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Deductible temporary differences, unutilised tax losses and unutilised tax credits for which no deferred tax assets were recognised break down as follows:		
Losses carried forward	516.749	516.749
Total	**516.749**	**516.749**

4.8 Result after income taxes

The net loss for the year was attributable to shareholders as follows:

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Shareholders of parent company	(3.830.261)	(1.890.635)
Non-controlling shareholders	-	-
Total	(3.830.261)	(1.890.635)

The net loss for the year includes the following expense items:

4.8.1 Impairment of value of assets

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12.2016 EUR
Impairment of value of receivables	-	-
Value recovery of value of receivables	-	-
Impairment of receivables of turnover tax	-	(74.233)
Value recovery of receivables of turnover tax	50.802	-
Total	50.802	(74.233)

4.8.2 Write-offs

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR
Ordinary Write-offs of assets	11.691	3.788
Ordinary Write-offs of immaterial assets	1.247.550	1.247.550
Total	1.259.241	1.251.338

4.8.3 Immediately expensed research and development costs

	01/01/2017 – 31/12/2017 EUR	01/01/2016 – 31/12/2016 EUR

Research and development expenses	411.298	-

4.9 Result per share

a) Undiluted Result per share

	2017	2016
	Cents per Share	Cents per Share
Undiluted result per share	(0,58)	(0,36)

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

EUR	2017	2016
Net loss for the year attributable to shareholders of the parent company	(3.830.262)	(1.890.635)

	2017	2016
Weighted average number of ordinary shares applied in calculating basic earnings per share	6.585.151	5.317.205

For the calculation of average number of ordinary shares in the prior year, the average number of ordinary shares issued between 9 December 2015 (acquisition of Elanix Biotechnologies AG) and the balance sheet date was applied in view of the specific circumstances involved.

b) Diluted result per share

	2017	2016
	Cents per Share	Cents per Share
Diluted result per share	(0,58)	(0,36)

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

5. Details to consolidated balance sheet

5.1 Immaterial assets

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

	31/12/2017	31/12/2016
Patent	19.960.526	21.208.350
Goodwill	133.412	133.412

	Patente	Goodwill	Total
Cost of production			
As of 31/12/2015	24.951.137	-	24.951.137
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-	133.412	133.412
Separation			-
As of 31/12/2016	24.951.137	-	25.084.549
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-	-	-
Separation			-
As of 31/12/2017	24.951.137	133.412	25.084.549
Cumulated write-offs and impairment of value			
As of 31/12/2015	2.495.237	-	2.495.237
Write-off expenses	1.247.550		1.247.550
Separation			-
Impairment of value			-
Other			-
As of 31/12/2016	3.742.787	-	3.742.787
Write-off expenses	1.247.550		1.247.550
Separation			-
Impairment of value			-
Other			-
As of 31/12/2017	4.990.337	-	4.990.337

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.

<u>Annual impairment testing as at 31 December 2017</u>

The recoverable amount for the cash-generating unit is estimated via value-in-use calculations. Product-specific risks are factored by discounting cash flows. The cash flow forecasts utilised are based on assumptions regarding the market entry date, future competition, and the product profile and product market share.

After-tax cash flows were discounted by applying an after-tax discount rate that reflects current market views of interest rate levels and company and product-specific risks for which estimated future cash flows have not been adjusted.

The values reflecting the assumptions represent management's forecast of future developments based on internal planning scenarios, external information sources and market information. As at 31 December 2016, no impairments were recordable on the book values of the two cash-generating units.

Book values of cash-generating units

In EUR	31/12/2017 Regenerative Medicine	31/12/2017 Cosmetic Creams	31/12/2016 Regenerative Medicine	31/12/2016 Cosmetic Creams
Bookvalue of Goowill	-	133.412	-	133.412
Bookvalue of immaterial assets	19.960.526	-	21.208.350	-
Bookvalue of assets	-	-	-	-
Total	19.960.526	133.412	21.208.350	133.412

5.2 Subscribed capital

	31/12/2017 EUR
Subscribed capital	5.666.000
Increase of capital in the ongoing year	1.133.200
5.666.600 full paid ordinary shares	6.799.200

	Number of shares	Subscribed capital EUR
As of 31/12/2015	5.166.000	5.166.000
Changes in the ongoing year	500.000	500.000
As of 31/12/2016	5.666.000	5.666.000
Changes in the ongoing year	1.133.200	1.133.200
As of 31/12/2017	**6'799.200**	**6'799.200**

The shares have a nominal value of 1 EUR, confer one voting right each and are dividend-entitled.

The **largest shareholders of the Group** (> 5% stake) as at 31/12/2017 are listed below:

Lee Ann Laurent Applegate, Switzerland	47.88%
Corinne Scaletta, Switzerland	5.13%
Thomas Svoboda, Switzerland	5.00%

No equity interests are held in Elanix Biotechnologies AG within the meaning of § 21 (1) sentence 1 of the Securities Trading Act (WpHG) in conjunction with § 160 (1) no. 8 of the Stock Corporation Act (AktG).

5.3 Reserves

	31/12/2017 EUR	31/12/2016 EUR
Reserves for closing operations	27.119	25.149
Reserves for revision	78.546	42.500
Reserves for Consultancy	20.000	63.746
Reserves for legal and financial consulting	524.592	567.073
Reserves for patent liabilities	33.512	-
Other short-term Reserves	68.811	28.660
Total	752.580	727.128

In EUR	Distinction intermediate consumption	Pending work	Other	Total short-term reserves
As of 31/12/2015	559.040	18.392	56.732	634.164
Approach of additional Reserves	8.033	131.395	28.660	168.088
Claims	-	(18.392)	(56.732)	(75.124)
Liquidations	-	-	-	-
Effects of currency differences	-	-	-	-
As of 31/12/2016	567.073	131.395	28.660	727.128
Approach of additional Reserves	-	125.665	102.323	227.988
Claims	-	(131.395)	(28.660)	(160.055)
Liquidations	(42.482)	-	-	(42.482)
Effects of currency differences	-	-	-	-
As of 31/12/2017	524.592	125.665	102.323	752.580

5.4 Liquid assets

Fort he purpose of the consolidated cash flow statement, cash and cash equivalents include the cash in hand and the bank account balances.

	31/12/2017 EUR	31/12/2016 EUR
Payment instruments and credit balance	212.228	73.581
	212.228	**73.581**

6. Other Information

6.1 Pension provisions (post-employment benefits to employees)

For defined-benefit pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method, whereby at each balance sheet date, an actuarial valuation is implemented (for the first time as of 31.12.2017). Revaluations, consisting of actuarial gains and losses, changes which arise from the application of the Asset Ceiling and the income from the plan asset(without interest on the net debt) are instantly recognised in other comprehensive income and are therefore contained in the consolidated balance sheet. The revaluations recognized in other comprehensive income form part of retained earnings and are no longer reclassified to the consolidated income statement. Past service cost is recognized as an expense when the plan change occurs.

Net interest is calculated by multiplying the discount rate by the net liability (pension obligation less plan assets) or the net asset value, if the plan assets exceed the pension obligation, at the beginning of the financial year. The defined benefit costs include the following components:

· Service cost (including current service cost, past service cost and any gains or losses arising from the plan change or reduction)
· Net interest expense or income on the net liability or the net asset value
· Reassessment of net debt or net asset value

The Group discloses the first two components in the consolidated income statement under administrative expenses (personnel costs).

The defined benefit obligation recognized in the consolidated balance sheet represents the current underfunding of the Group's defined benefit pension plans.

Payments for defined contribution plans are recognized as an expense when the employee has performed the work entitling them to the contributions.

6.1.1 Legal framework and responsibilities

The provision of employee pension (in Switzerland) must be carried out by a pension scheme separate from the employer. The Swiss law, which prescribes minimum benefits, is applicable, as currently only Swiss mandatory staff are employed.

The occupational provisions of employees in Switzerland against the economic consequences of old age, disability and death are carried out at the fully reinsured Collective Foundation "Baloise Collective Foundation for Compulsory Occupational Benefit Plans". The supreme body of this pension scheme consists of the same number of employee and employer representatives.

For the purposes of IAS 19 (IFRS), the pension solution is to be classified as a defined benefit. The insurance plan is defined in the regulations of the collective foundation, in the affiliation contract and in the pension plan of the affiliation.

Employer and employee contributions are always defined as a percentage of the insured salary. The retirement pension is calculated as the retirement assets available at the time of retirement multiplied by the conversion rates specified in the regulations. The employee has the option of receiving retirement benefits as capital. The disability and spouse's pension are defined as a percentage of the insured salary.
Investments are made by the collective foundation "Baloise Collective Foundation for Compulsory Occupational Benefits".

6.1.2 Risk for employers

The Foundation can change its funding system (contributions and future benefits) at any time. As long as the reinsurance contract exists between the Baloise Collective Foundation and the Baloise Life Insurance Company, Baloise Life Insurance Company is obliged to remedy the shortfall in the precautionary sense (Art. 44 BVV2 / Swiss law).
However, the Baloise Life Insurance Company can terminate the reinsurance contract, so that the insured risks fall back to the responsibility of the employer. Depending on the conditions of the current partial liquidation regulations, a shortfall in the precautionary sense as well as longevity risks (current pensions) may be transferred.

6.1.3 Special events

In the current reporting there weren`t Plan Amendments, Curtailments or Settlements.

6.1.4 Assumptions and methods used in the sensitivity analyses

For the principal assumptions for calculating the liabilities, sensitivity analyses were created. The discount factor and the assumptions for the wage development were raised respectively lowered by fixed percentage points. The sensitivitry relating to mortality was calculated by lowering or raising the mortality with a blanket factor, so that life expectancy for most age categories was increased or rather reduced by approximately one year.

6.1.5 Asset-liability matching

The group ha staken out a full insurance solution in Switzerland at the Baloise-collective foundations to cover the actuarial and plant specific risks.

6.1.6 Funding Arrangements

In ordert o finance the benefits. Contributions in percent of the insured salary from employee and employer are raised.

6.2 Further Information about financial instruments

6.2.1 Capital risk management

The Group manages its capital with the aims of ensuring that all Group companies are able to operate under a presumption of going concern continuity and of maximising income shareholder returns through an optimal debt to equity ratio.

The Group's net debt and equity represents the Group's capital structure. Equity is comprised of outstanding shares, retained earnings and non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

Net debt as of the balance sheet date was as follows.

	31/12/2017 EUR	31/12/2016 EUR
Debts	1.825.094	1.523.681
Cash and bank deposit	(212.228)	(73.581)
Net debts	1.612.866	1.450.100
Equity	16.034.476	15.434.006
Net debts to equity ratio	10.05%	9.40%

6.2.2 Liquidity risk management

The Executive Board, which holds ultimate responsibility for liquidity risk management, has implemented an appropriate concept for managing short, medium and long-term financing and liquidity requirements.

<u>Financing risk (liquidity risk)</u>
The Company is still in a development and build-up phase at this time, thus cash flows from operating activities and cash flow from investing activities are a net negative. The Supervisory Board has thus worked out a financing arrangement to fund further growth. This interim financing was secured in March 2017. The Company's ability to remain a going concern depends on whether it receives the financing required to meet necessary development costs going forward.

6.2.3 Market risks

<u>Currency risk</u>

Exchange rate movements can cause financial instruments to lose value and adversely affect future cash flows from planned transactions. Because the Group's business is currently limited to Switzerland, the only currency risks at this time stem from the CHF to EUR exchange rate.

<u>Interest rate risk</u>
Interest rate risk accrues through the potential for changes in the market interest rates, and can lead to changes in the fair value of fixed-rate financial instruments and in interest rate fluctuations with variable-rate financial instruments. Interest rate risks are further detailed in the tables below. The tables indicate that the Group is not currently exposed to significant interest

The table below shows the contractual remaining term to maturity of the Group's non-derivative financial **liabilities**. The table content is based on undiscounted cash flows for financial liabilities as at the earliest date on which the Group may be required to pay.

The table below shows the contractual remaining term to maturity of the Group's non-derivative financial **liabilities**. The table content is based on undiscounted cash flows for financial liabilities as at the earliest date on which the Group may be required to pay.

EUR		Assessed average Interest rate	Less than 1 Month	1-3 Months	3 Months to 1 Years	1-5 Years	More than 5 Years	Total	Booking value
31/12/2016									
	Non-interest-bearing		-	441.487	567.073	515.121	-	1.523.681	1.523.681
	Financial leasing		-	-	-	-	-	-	-
	Variable interest-bearing instruments		-	-	-	-	-	-	-
	Fixed interest bearing instruments		-	-	-	-	-	-	-
	Total		-	441.487	567.073	515.121	-	1.523.681	1.523.681
31/12/2017									
	Non-interest-bearing		-	685.945	779.068	168.354		1.633.367	1.633.367
	Financial leasing		-	-	-	-	-	-	-
	Variable interest-bearing instruments		-	-	-	-	-	-	-
	Fixed interest-bearing instruments		-	-	-	-	-	-	-
	Total		-	685.945	779.068	168.354	-	1.633.367	1.633.367

6.2 Categories of financial instruments

Financial assets	31.12.2017 EUR	31.12.2016 EUR
Cash and bank deposit	212.228	73.581
Loans and receivables	201.522	342.043

Financial liabilities	31.12.2017 EUR	31.12.2016 EUR
Financial liabilities measured at amortised cost	877.049	796.553

The fair value of financial instruments equals the book value. There exist no value adjustments or days overdue in relation to financial assets.

6.3 Transactions with related parties

Balances and transactions between the Company and its subsidiaries which are related parties are eliminated in consolidation, and are not explained in these disclosure notes. Details regarding transactions between the Group and other related parties are outlined below.

As at the balance sheet date related parties had pre-financed expenses connected with Company activities; these are shown as deferred items on these financial statements.

	Sales of goods and services		Purchases of goods and services	
	2017	2016	2017	2016
	EUR	EUR	EUR	EUR
Tagator SA (provision of managing director)	-	-	219.060	157.726

The following balances were outstanding at the end of the reporting period:

	Sales of goods and services		Purchases of goods and services	
	2017	2016	2017	2016
	EUR	EUR	EUR	EUR
Tagator SA	-	-	-	15.112

Loans for or from affiliated companies or people

EUR

	Loans for affiliated companies		Loans for affiliated companies	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	EUR	EUR	EUR	EUR
Tagator SA	100.363	-	-	-
Dardo Investment Partners FZ-LLC (Dubai)	-	-	84.177	91.884
David Lukas Deck	-	-	84.177	91.884
Gilbert Edgar Schöni	-	-	-	23.321
Total	100.363	-	168.354	207.089

Company shareholders provided loans to the company to finance growth.

6.3 Employees

The average number of employees was 7.71. – see breakdown of employees below:.

	31/12/2017	31/12/2016
Employees	10	5
Commercial Employees	0	0

Management remuneration

Management of the company continued to be sourced externally (Tagator SA). See description on further related companies and persons in paragraph 6.3.

6.4 Auditor fees

The following fees amounts have accrued or provisions allocated accordingly for services rendered by Baker Tilly, the auditor for the financial year:

	31/12/2017	31/12/2016
	EUR	EUR
Annual audit services	50.000	42.500
Other confirming Services	57.017	-
Tax advice services	-	-
Other services	35.000	-
Total	**142.017**	**42.500**

Financial statement auditing services included auditing of the consolidated financial statements dated 31 December 2016 for conformance with IFRS rules and auditing of the separate financial statements of Elanix Biotechnologies AG for conformance with HGB.

6.4 Company governance boards

Executive Board:
Herr Tomas Svoboda (ab 12.02.2016)

The Supervisory Board members during the year under review were:

		Remuneration (paid or included as liability)
Jürgen Kullmann	Supervisory Board Chairman	8'250 EUR
Abigael de Buys Roesingh	Supervisory Board Member	2.500 EUR
Marc Voigt	Supervisory Board Member	5.000 EUR
Torsten Cejka	*Retired at the HV 2017*	10.000 EUR

6.5 Events after the balance sheet date

In March 2018 another share offering was completed raising over EUR 1.1 million in capital. At the end of April a SEDA Agreement with a scope about EUR 2.5 million could be signed .Moreover, a Term Sheet with an american fond over EUR 10 million in form of Convertible Notes was completed, which in order to be implemented needs a consent of a general meeting.

6.6 Assurance of legal representatives

We declare to the best of our knowledge that in accordance with the applicable accounting rules the consolidated financial statements provide a true and fair view of the Group's balance sheet and earnings, and that a true and fair view of the Group's business transactions, results and overall position has been outlined, including opportunities and risks material to Group performance over the remainder of the financial year.

6.7 German Corporate Governance Code Declaration

Please see the management report regarding the corporate governance declaration. Details concerning conformity with and deviations from German Corporate Governance Code on the part of the Company are available via the link: https://www.elanix-bt.com

7 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 Ointments EUR	Crossover EUR	Company EUR
2016				
Sales revenue	-	6.226	-	6.226
Other internal revenues	-	-	3	3
Total revenues	-	6.226	3	6.229
Result before taxes	**(1.461.054)**	**(251.186)**	**(559.829)**	**(2.272.069)**
Further information				
Write-offs	1.247.550	-	3.788	1.251.338
Segment investment	-	132.090	19.010	151.100
Number of Employees at the end of the year	1	2	2	5
2017				
Sales revenue	67.023	261.221	-	328.244
Other internal revenues			51.324	51.324
Total revenues	67.023	261.221	51.324	379.568
Result before taxes	**(1.514.223)**	**(659.113)**	**(2.227.288)**	**(4.400.625)**
Further information				
Write-offs	1.247.550	-	11.691	1.259.241
Segment investment	-	-	35.335	35.335
Number of Employees at the end of the year	1	5	5	11

Geographical segments respectively Segments based on regions

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

EUR	2017		2016	
	Regenerative Medicine[2] EUR	Cosmetic Ointments EUR	Regenerative Medicine[3] EUR	Cosmetic Ointments EUR
Geographical split of Revenu				
Switzerland	-	27.065	-	6.226
EU	-	132.560	-	-
Taiwan	67.023	-	-	-
Middle East	-	101.500	-	-
Total revenue	67.023	261.125	-	6.226

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

Berlin, the 30 April 2018

____

Signed byTomas Svoboda (Executive board)

[1] Contains FirstCover
[2] Contains FirstCover
[3] Contains FirstCover