

The Management Board of Elanix Biotechnologies AG will make corrections to its 2017 financial statements due to a fault detection by Deutsche Prüfstelle für Rechnungslegung with regard to the accounting of intangible assets in the 2015 consolidated financial statements.

Berlin, 09 November 2018 - The Management Board of Elanix Biotechnologies AG ("Company") announces that the "Deutsche Prüfstelle für Rechnungslegung" ("DPR") has determined in a random sampling that the Company has incorrectly reported its accounts for the financial year 2015 in respect of the balance sheet item "Intangible Assets". The view of DPR is that the accounting of the underlying amortized cost of the intangible assets has not been proven either by a business combination, by a separate acquisition or by the investment of a shareholder. Therefore, the DPR concludes that an activation of the exclusive patent right associated with the GMP-certified cell banks owned by the company would not have been permitted in the consolidated financial statements 2015 in accordance with IFRS accounting standards. In the opinion of DPR, the balance sheet item "intangible assets" is therefore too high by EUR 22.5 million in the consolidated financial statements of the company as of 31 December 2015. On the other hand, this would also eliminate the annual amortization of these intangible assets and relieve the consolidated profit and loss account of the company by EUR 1.26 million per year. This would reduce annual losses by EUR 1.26 million or increase future planned profits by this amount each year.

The Management Board does not agree with this fault detection because it believes that on the one hand the exclusive patent right combined with the own GMP-certified master and working cell banks represent considerable assets and on the other hand the contribution and activation took place correctly.

Nevertheless, the Company will undertake the correction of intangible assets requested by DPR and will correct the annual financial statements accordingly. In its decision, the Management Board has taken into account the anticipated costs that would occur if the company does not make the correction and also the uncertainty that arises in this regard, since ultimately the result of a possible contradiction cannot be predicted. The Management Board concluded that it is more appropriate for the Company to make the correction. However, the Company reserves the right to continue to communicate the presentation of the Company's intangible assets, which from its point of view is correct, in a pro forma presentation to the annual financial statements. At the same time, the Management Board intends to define a well-known audit company to revalidate the certified cell banks owned by the Company according to the latest status.

The fault detection by DPR has no impact on the operating business of the Company. The exclusive patent right and the own cell banks will continue to be fully utilized for the further industrialization of First Cover and for the further development of the planned product portfolio of the Company.

Tomas Svoboda, CEO

Contacts

Elanix Biotechnologies
Tomas Svoboda
Tel: +41 (0)22 363 66 40
investor.relations@elanix-bt.com

About Elanix

Elanix develops and commercializes tissue regeneration products for acute wound care, dermatological and gynecological applications, and provides services in cell technologies. The company was founded in 2012 as a spin-out from the University Hospital of Lausanne (CHUV), Switzerland, to commercialize a patented human progenitor cell technology. Progenitor cells are fully differentiated yet immunologically neutral cells that are very potent inducers of tissue growth and healing. Elanix owns GMP certified Master and Working human cell banks with vast quantities of cells.

Elanix has registered headquarters in Berlin, Germany, with offices in Wiesbaden, Germany and Nyon, Switzerland. It is listed in the Regulated Market on the Frankfurt Stock Exchange under the symbol ELN.F. For more information and updates, visit www.elanixbiotechnologies.com

Forward-looking statements

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