Elanix Biotechnologies AG

Berlin

Consolidated Financial Statements

in accordance with IFRS

December 31, 2016

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NOTE

These English financial statements are only a translation for your service. For legal purposes, only the German Financial Statements are applicable.

Elanix Biotechnologies AG, Berlin

Consolidated management report for the 2016 financial year

Overview of the business performance

Elanix Biotechnologies AG ends the 2016 financial year as expected with a group loss of €2,238,836. The group was operative after the general meeting in the reporting year, which led to the expected increase of administration expenses. Through the takeover of Repair-A AG that took place in autumn, the group has already introduced a (cosmetic) salve to the market with which the first turnover could be achieved.

Basis of the group

Group composition and structure

Elanix Biotechnologies AG (hereinafter referred to as ELN-BT) is the holding company responsible for financing the entire Elanix group and acts as its legal headquarters in the EU. ELN-BT owns 100% of the shares of Elanix Biotechnologies S.A. (previously Elanix Technologies S.A.), Nyon, Switzerland (hereinafter referred to as ELN-CH).

ELN-CH is the operative headquarters of Elanix group and is responsible for distribution activities. ELN-CH owns 100% of the shares of Elanix Sarl, Nyon, Switzerland, and 100% of the shares of Repair-A AG, Nyon, Switzerland.

Elanix Sarl, Nyon, Switzerland (hereinafter referred to as ELN) is the first company founded by Prof Applegate and her colleagues. ELN owns the precursor cell banks, is the exclusive licence hold of the patent from the university clinic in Lausanne (CHUV) and is the future proprietor of additional intellectual property and expertise.

Repair-A AG, Nyon, Switzerland (hereinafter referred to as R-A) is the company in which the operative business for the CFPC salves (classified as cosmetics) based on animal precursor cells is operated for dermatological and gynaecological applications. The company locally distributes the product Gynrepair. This product will be introduced to the market in the EU area and Switzerland in the second quarter of 2017.

Group business model and strategy

Elanix group intends to generate turnover through three product and service categories:

1) CFPC salves (classified as cosmetics) based on animal precursor cells for dermatological and gynaecological applications
2) Skin constructs based on human precursor cells (classified as a tissue engineer product or TEP) for acute wound management (burns and plastic surgery)
3) Cell therapy for in-vitro and in-vivo application

Group research and development

No active research or development took place in the 2016 reporting year. For this reason only patent costs were incurred, and no R&D costs.

Objectives and strategy

Objective: The long-term increase of the company's value by reaching phase II and/or the marketability of "FirstCover©"

The central economic goal of our business activities is to increase the company value and potential of Elanix Biotechnologies AG in the longterm. This should be achieved through reaching phase II and/or through the marketability of "FirstCover©". Reaching marketability requires an extremely broad range of investments. These investments are to be partially financed through turnover from other categories or additional capital increases or out-licensing.

Strategy: User turnover from salves based on precursor cells to finance the further development of "FirstCover©".

We do not expect "FirstCover©" to be marketable until 2020, which is expected to require at least €15m. The investments required to do so should on the one hand be covered by additional capital increases, but on the other hand by turnover from products which can be sold on the market more quickly (such as cosmetic CFPC salves), licence contracts or strategic partnerships with larger companies.

Management

Control: ongoing liquidity control

Due to the building phase of our business activity, we do not exclusively manage our company via classic annual-based figures such as turnover profit or EBIT but in particular through the liquidity situation and cash flow. These indicators are tracked precisely on a monthly basis and are published twice annually in our legally prescribed finance reports. They are regularly compared with plans and forecasts and, where necessary, compared with external benchmarks. As we have been dependent on equity from investors to finance our business activity, cash flow and cash burn are some of our most important financial indicators; they are therefore tracked particularly carefully.

Securing success: Involving the executive board in all relevant operative processes.

Our executive board is actively involved in all decisions and in particular is committed to developing our products to market maturity and searching for suitable strategic partners.

Economic situation of the Group

Overall economic industry situation

The development of the German real economy in 2016 was further characterised by consistent and solid economic growth. The price-adjusted gross domestic product increased by 1.9 percent in 2016 compared to the previous year. This development was in particular sustained due to strong domestic demand. In particular, state consumption and housing construction increased significantly. The economic forecasts for the ongoing and coming year also expect solid economic growth.

Outside of Germany, the effects of international crises are evident and have a dampening effect on exports. Generally speaking, large uncertainty is felt. Unfortunately, the conditions for private consumption as a support for temporary economic growth will not develop very favourably, and energy prices will likely diminish purchasing power in particular.

The global economic continues to grow but the framework conditions have considerably deteriorated compared to the previous year. The development of the Chinese economy is even more uncertain and the comparably low prices of raw materials continue to dampen investment activity. In the EU area, there is also uncertainty due to the possible economic consequences of Brexit.

Business development and asset, financial and income situation

In the 2016 financial year, Elanix Biotechnologies AG was able to take some important steps towards an operative structure. Following a successful increase in capital in summer 2016, the first employment contracts and the purchase of Repair-A AG were concluded. Thanks to this purchase, the company was able to generate initial sales with cosmetic CFPC salves regionally in Switzerland. The first product will be introduced across Europe in the second quarter of 2017.

The general meeting took place on 27 October 2016 in Berlin. All decisions made during the meeting, met with 90% approval, allowed us to prepare for the further development of Elanix Biotechnologie AG.

The important decisions of the general meeting in 2016 were:

- It was decided that the executive board should be authorised, with the approval of the supervisory board, to increase the share capital through the issue of up to a total of 2,833,000 new shares with no par value with a pro-rata amount of the share capital of €1.00 per share.
- The creation of conditioned capital of €300,000. This will help to guarantee subscription rights for members of the executive board and the management of affiliated companies in future.
- Adaptation of the company's articles of association to the new circumstances.

Results of operations

The pre-tax group loss of €2.3m in particular results from operative business activities. Thanks to staff as of September 2016 (€165,864) and external staff (€182,365), both the management and marketing and distribution activities in particular with regard to CFPC salves were promoted. Amortisations on intangible group assets amounted to €1,376,033 (previous year €1,404,345), therefore making up the predominant part of the group loss. Expenses which are directly or indirectly connected with the listing on the stock market, just like expenses for the general meeting (€92,965) and the costs from banks and consultants in connection with the listing on the stock market and the increases of capital €134,469) in addition to expenses that were necessary to place the capital increases (€221,926) were initially recorded as group expenses (as still reported in the former Porta system in the previous year). Due to delays in building up the business, the input tax paid on the services purchases had to be corrected, which led to an impairment of €74,233.

The company is further dependent on capital increases to cover the costs of developing the company and products, as a break-even result can only be achieved as of 2019 at the earliest.

Financial position

The financing of further investments in marketing CFPC salves could in the meantime be ensured through a further capital increase (see supplementary report). Additional financial requirements according to current estimations of €15m must however be produced through further capital measures. The group's strategy is to finance itself in the longterm on the capital market and not via bank debts.

The net cash outflow from operational activities increased in the reporting year to over €1m. It is conceivable that a considerably higher net cash outflow of around €4m will be achieved in the next year. This net cash outflow could already be ensured through an additional capital increase.

Net assets

The group's assets mainly consist of intangible investments and have only changed in the last year compared to the previous year due to amortisation. The asset structure is more or less unchanged, however, the recording of distribution activities in particular with regard to the CFPC salves could be secured through the purchase of the company Repair-A AG, and the industrialisation of the skin construct FirstCover was promoted.

Financial and non-financial performance indicators

Financial indicators

The financial indicators of the Elanix Biotechnologies AG group used for operative management include financial figures that are known and recognised by international investors. This in particular includes expenses and liquidity.

Non-financial indicators

The cooperation with the CHUV cell laboratory as an important operational "goodwill" property of Elanix Group must be named as a non-financial indicator. As a further non-financial indicator, the company holds two cGMP certified master and working precursor skill cell banks with several billion highly active cells.

In addition, cooperations in place with other European and Asian universities as company partners are another benefit for Elanix. The company was able to go to market with a product without delay thanks to the purchase of Repair-A AG. The logistics relationships undertaken and expanded in this regard are a further significant benefit for the company.

Economic situation of Elanix Biotechnologies AG (explanations based on the German Commercial Code - HGB)

The status report of Elanix Biotechnologies AG and the consolidated management report for the 2016 financial year are drawn up pursuant to Section 315 Para. 3 HGB in connection with Section 298 Section 3 HGB. The presentation of the economic situation of Elanix Biotechnologies AG is based on a short-term balance sheet and short-term profit and loss statement that is derived from the balance sheet and profit and loss statement pursuant to the HGB. The complete annual accounts of Elanix Biotechnologies AG pursuant to the HGB are published together with the consolidated annual accounts in the German Federal Gazette.

Results of operations

The operative activities of the group mainly take place in Switzerland at the company Elanix Biotechnologies S.A. The parent company lends the capital obtained to its subsidiary to develop the business and charges the services of its staff to Elanix Biotechnologies S.A. At present, interest rates for the loans and the charges for staff expenses are not yet able to cover other operating expenses (expenses relating to the general meeting, legal consultation, costs for listing on the stock market, investor relations, etc.), but it is expected that ongoing costs as of 2018 can be covered by these charges.

Financial position

The planned investments in Elanix Biotechnologies S.A. are covered through further loans to this company which, on its part, are financed via capital measures on the capital market.

Net assets

Should it not be possible to successfully execute further capital measures and should the marketing for group companies develop considerably worse than planned, then it must be expected that the loan issued cannot be repaid. This would have a direct impact on the company's net assets as the company's assets are composed of loans to the subsidiary and investment in the subsidiary.

Important opportunities and risks

In the 2016 financial year, no noteworthy income was generated from ongoing business operations. The ongoing costs for business operations were covered through capital increases. Management anticipates the first significant turnover through the sale of cell-based cosmetic salves in 2017. The EU-wide market launch should take place through distribution partners as of the second quarter of 2017. The main product, the skin construct named “FirstCover®”, will still have to go through a 3-4 year approval process before official release and market launch.

For this reason, Elanix Biotechnologies AG is expected to generate a negative result up to and including 2019 and will continue to be dependent on the introduction of external capital. The overall capital requirements until “FirstCover®” reaches marketability will amount to approximately €15m. This should mainly be covered by the placement of cash capital increases. Further capital increases could already be executed before the preparation reporting date and generated a total of gross cash inflows of €4.7m.

Should it not be possible to collect sufficient capital via cash capital increases or comparable transactions (convertible bonds, bonded loans or similar), there is the risk that the planned market launch of the main product “FirstCover®” will be further delayed and the company may still not generate a positive result even in 2019. Overindebtedness and inability to pay can also not be ruled out.

In contrast, there is enormous market potential of more than one billion Euro worldwide. After the main product is approved, the executive board will plan quick market penetration and an associated increase in turnover to over €50m three years after market launch.

The company must comply with comprehensive regulatory requirements based on its listing on the regulated market. This may give rise to legal risks.

A risk monitoring system has not yet explicitly been established in writing as the sole executive board alone manages transactions. As part of its activity, the supervisory board monitors the executive board by regularly creating reports of the executive board and meetings.

Declaration of corporate governance pursuant to Section 315 Para. 4 HGB

The executive board and supervisory board shall report on an annual basis in accordance with the guidelines of the “Government Commission on the German Corporate Governance Code” on the corporate governance of the company. The executive board reports in its declaration of corporate governance pursuant to Section 289a Para. 1 HGB and Point 3.10 of the German Corporate Governance Code – at the same time also for the supervisory board – on company management and corporate governance. The declaration is published on the company website at www.elanix-bt.com under the header “Investor relations/corporate governance”.

Information pursuant to Section 289, Para. 4 HGB

The company's subscribed capital amounts to €5,566,000 as at 31 December 2016 and is organised into 5,566,000 common bearer shares with no par value. Each share grants one vote. There are no intended limitations to voting rights or transfers in the articles of association. None of the company shares issued grant any special rights. There is no voting right control by employees. The company does not hold any of its own shares.

On the balance sheet reporting date of 31 December 2016, the following shareholdings, which directly or indirectly exceed 10% of the voting rights, were reported to the company:

- ***Mr David L. Deck**, Monaco, Monaco, reported pursuant to Section 21 Para. 1 WpHG (German Securities Trading Law) that, on 9 December 2015, his share of voting rights reduced from 42.59% to **12.38%.***

- ***Mr Gilbert Schoeni**, Dubai, United Arab Emirates, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, his share of voting rights reduced from 42.59% to **12.37%.***

- ***Dr Nathalie Hirt-Burri**, La Conversion, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, her share of voting rights amounted to **65.25%**. Of these voting rights, 2.2% = 113,910 are directly held by her and 63.05% = 3,256,905 are assigned pursuant to Section 22 Para. 2 WpHG.*

- ***Prof Wassim Raffoul**, Mont-sur-Lausanne, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, his share of voting rights amounted to **65.25%**. Of these voting rights, 3.33% = 172,028 are directly held by him and 61.92% = 3,198,787 are assigned pursuant to Section 22 Para. 2 WpHG.*

- ***Ms Corrina Scaletta**, Villeneuve, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, her share of voting rights amounted to **65.25%**. Of these voting rights, 5.13% = 265,016 are directly held by her and 60.12% = 3,105,799 are assigned pursuant to Section 22 Para. 2 WpHG.*

- ***Mr Tomas Svoboda***, *Eysins, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, his share of voting rights amounted to* ***65.25%****. Of these voting rights, 4.5% = 232,470 are directly held by him and 60.75% = 3,138,345 are assigned pursuant to Section 22 Para. 2 WpHG.*

- ***Prof Lee-Ann Laurent-Applegate,*** *Bercher, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, her share of voting rights amounted to* ***65.25%****. Of these voting rights, 47.88% = 2,473,481 are directly held by her and 17.37% = 897,334 are assigned pursuant to Section 22 Para. 2 WpHG.*

- ***Dr Anthony de Buys Roessingh****, Bussigny-près-Lausanne, Switzerland, reported pursuant to Section 21 Para. 1 WpHG that, on 9 December 2015, his share of voting rights amounted to* ***65.25%****. Of these voting rights, 2.2% = 113,910 are directly held by him and 63.05% = 3,256,905 are assigned pursuant to Section 22 Para. 2 WpHG.*

Since the balance sheet reporting date of 31 December 2016, there have been some changes in shareholdings that directly or indirectly exceed 10% of the voting rights. Details on this matter can be viewed under investor relations on the website www.elanix-bt.com.

An approved capital of €2,833,000 was decided through the general meeting resolution of 27 October 2016. The share capital can be increased with the approval of the supervisory board until 26 October 2021 through the one-off or repeated issue of up to 2,833,000 new common bearer shares against cash contributions and/or assets in kind up to €2,833,000.

The appointment and dismissal of the executive board is regulated in Section 84 of the German Stock Corporation Act (AktG) and in the company's articles of association. Pursuant to Section 5.1 of the articles of association, the company's executive board consists of one or more persons. The supervisory board shall determine the number of executive board members. The supervisory board shall decide on the appointment of executive board members, revocation of the appointment and the conclusion of employment contracts. The company does not have any compensation agreements in the event of a change of control as a consequence of the takeover bid concluded with executive board members or employees.

The supervisory board is authorised to amend the articles of association which pertain only to the wording. The regulations of the German Stock Corporation Act shall also apply.

No company agreements that take effect in the event of a change of control as a consequence of a takeover bid have been made.

No company compensation agreements with executive board members or employees in the event of a takeover bid have been agreed.

Report on the accounting-related internal control system and risk management system

Elanix Biotechnologies AG has built a risk monitoring and management system in order to control existing risks and recognise future risks in good time. The internal control system of the group ensures that the accounting is in line with the legal requirements and in accordance to the International Financial Reporting Standards (IFRS). The internal control systems include the principle of checking by two persons, sample checks and contingency plans. Continuing education of the finance team ensures that ongoing changes in the legal environment and the International Financial Reporting Standards (IFRS) are adequately addressed. The truth and fairness of the group accounting is further ensured by automated controls and manual checks. As such the comparison with the budget is most important.

For internal control purposes, yearly budget in line with the strategic planning of the group are established. Based on these budgets and the current accounts, the Board of directors gets monthly planning and controlling information.

With regard to the accounting process, it must be added that accounting is carried out directly by the executive board under the occasional consultation of a tax consultant. The executive board likewise handles control and monitoring in order to ensure the financially correct recording, processing and assessment of corporate matters and their inclusion in external accounting.

Forecast report

Provided the company does not generate any noteworthy income from operative activities, the long-term existence of Elanix Biotechnologies AG shall continue to depend on ongoing costs being borne by external creditors or additional capital measures.

Current plans first foresee a positive result in 2019 under the condition that by then the company will have been able to obtain money from external investors or through suitable capital measures in the amount of approximately €15m. As a result, the company expects a continued negative annual result for the 2017 and 2018 financial years. The company expects sales proceeds of between €300,000 and €500,000 for management, marketing and sales expenses of between €3m and €4m.

Should the "FirstCover©" main product be successfully launched, a significant increase in sales proceeds is expected by 2019 due to a total market with an estimated market size of overall more than one billion Euros. Just three years after the market launch, up to €50m of sales could be generated for this product alone thanks to technical advances and attractive prices.

Compensation report

The direct salary of the executive board is €0; indirectly, the executive board shall receive a fee of €157,726 according to a contract approved by the supervisory board. The compensation for the supervisory board amounted to €9,300. It is expected that the compensation for the executive board will change from indirect to direct in 2017. The direct fee will therefore be determined by the supervisory board.

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.

Berlin, June 29, 2017

Signed, Tomas Svoboda

Board of Directors / Elanix Biotechnologies AG

Assurances of legal representatives

The executive board shall ensure that, to the best of its knowledge, the business performance including the operating result and the company's situation is portrayed in such a way in this consolidated management report that an image corresponding to the actual relationships is conveyed and that the important opportunities and risks of the expected group development are described.

Since 20 June 2016, Mr Tomas Svoboda has been the sole member of the executive board of Elanix Technologies AG and is alone authorised to represent the board

Berlin, June 29, 2017

Tomas Svoboda

Board of Directors

Elanix Biotechnologies AG

Elanix Biotechnologies AG

Consolidated Financial Statement

31 December 2016

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 financial year 2016

	Notes	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 RESTATED[1] EUR
Sales revenue	4.1	**6.226**	-
Cost of sales		(3.478)	-
Gross profit		**2.748**	**-**
Other income		3	4.552
Administrative expenses	4.5	(2.325.867)	(3.163.062)
Operating loss before financial expenses		**(2.323.116)**	**(3.158.510)**
Financing costs	4.6	(42.521)	(17.420)
Income from financial investments	4.2	20.124	4.654
Loss from continuing operations before taxes		**(2.345.513)**	**(3.171.276)**
Income tax expense	4.7	454.878	382.706
Loss after taxes		**(1.890.635)**	**(2.788.570)**
Net loss/profit fort he year attrubutable to:			
Shareholders of the parent company		(1.890.635)	(2.788.570)
Non-controlling shareholders		-	-
Earnings per share			
Basic (cents per share)	4.9	(0,36)	(0,54)
Diluted (cents per share)	4.9	(0,36)	(0,54)

[1] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

Elanix Biotechnologies AG, Berlin
Comprehensive income for financial year 2016

	Notes	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 RESTATED[2] EUR
Loss after taxes		**(1.890.635)**	**(2.788.570)**
Reclassificational revenues			
Currency translation from foreign business concerns		16.334	(26.621)
Other results		16.334	(26.621)
Total Comprehensive loss		**(1.874.301)**	**(2.815.191)**
Comprehensive loss of the year attributable to:			
Shareholders of the parent company		(1.874.301)	(2.815.191)
Non-controlling shareholders		-	-

[2] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

Elanix Biotechnologies AG, Berlin
Consolidated balance sheet dated 31 December 2016

ASSETS	Notes	31/12/2016 In EUR	31/12/2015 In EUR Restated[1]	LIABILITIES AND EQUITY	Notes	31/12/2016 In EUR	31/12/2015 In EUR Restated[3]
Property, plant and equipment		15.159	506	Subscribed capital	5.2	5.666.000	5.166.000
Intangible assets (patent)	5.1	21.341.762	22.455.900	Reserve for currency effects, retained earnings		9.838.523	9.090.759
Deferred tax assets	4.7	271.530	134.289	Loss carried forward		(70.517)	1.820.118
Total noncurrent assets		**21.628.451**	**22.590.695**				
				Equity attibutable to shareholders of the parent company		15.434.006	16.076.877
				Total equity		**15.434.006**	**16.076.877**
Trade receivables		140	-				
Other loans and advances		70.373	86.106	Other financial liabilities		515.121	797.232
Inventories		33.510	-	Deferred tax liabilities	4.7	4.848.368	5.164.857
Cash and credit balances at banks	5.4	73.581	72.820	**Total noncurrent liabilities**		**5.363.489**	**5.962.089**
Total current assets		**177.604**	**158.926**				
				Trade payables		250.266	76.491
				Other current liabilities		31.166	-
				Current provisions	5.3	727.128	634.164
				Total current liabilities		**1.008.560**	**710.655**
				Total liabilities		**6.372.049**	**6.672.744**
Total assets		**21.806.055**	**22.749.621**	**Total assets**		**21.806.055**	**22.749.621**

[3] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

Elanix Biotechnologies AG, Berlin

Consolidated Statement of Cash Flows for Financial Year 2016

	Notes	01/01/2016 – 31/12/2016 In EUR	01/01/2015 – 31/12/2015 RESTATED[4] In EUR
Cash flow from operating activities			
Inflows from customers, adjusted		6.086	4.552
Payments to suppliers		(3.478)	(4.847)
Payments to service providers		(660.609)	(353.579)
Payments to employees		(165.864)	-
Interes paid		-	-
Net cash inflow from operating activities		**(823.865)**	**(536.860)**
Cash flow from investing activities			
Interes received		-	-
Payments for property, plant and equipment		(19.010)	-
Acwuisitions of subsidiaries		(112.453)	(3.421)
Net casch outflow/inflow from investing activities		**(131.463)**	**(3.421)**
Cash flow from financing activities			
Proceeds from the issuance of company equity instruments		1.500.000	-
Costs of issuance of shares		(235.902)	-
Inflows from loands received		312.960	582.478
Repayments of loans		(597.420)	-
Interest paid		(23.550)	-
Net cash outflow from financing activities		**956.088**	**582.478**
Net increase in chash and cash equivalents		**760**	**49.039**
Cash and cash equivalents at start oft he financial year		72.820	23.781
Effect of exchange rate Movements		-	-
Cash and cash equivalents at end oft he financial year		**73.581**	**72.820**

[4] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

Konzern-Eigenkapitalveränderungsrechnung für das Geschäftsjahr 2016

	Subscribed capital	Capital reserves	Revaluation reserve	Total reserves	Retained earnings	Of which attibutable to shareholders oft he parent company
As at 31/12/2014	83.170	12.911.746	47.022	12.958.768	4.608.688	17.650.626
Net loss fort he year (restated)					(2.788.570)	(2.788.570)
Currency effects			26.621	26.621		26.621
Overall result			26.621	26.621	(2.788.570)	(2.761.949)
Revaluation equity as part of the reverse take over transaction[5]	433.430	(433.430)		(433.430)		-
Elanix Biotechnologies AG share offering (as part of the reverse take-over transaction)	4.649.400			-		4.649.400
Revaluation in connection with the acquisition of Elanix Biotechnologies AG (reverse take-over transaction, restated)		(3.461.200)		(3.461.200)		(3.461.200)
	5.082.830	(3.894.630)	26.621	(3.868.009)	(2.788.570)	(1.573.747)
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)
Elanix Biotechnologies AG share offering of 15/04/2016	95.000	190.000		190.000		285.000
Elanix Biotechnologies AG share offering of 11/08/2016	405.000	810.000		810.000		1.215.000
Costs for share offering		(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

[5] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

Elanix Biotechnologies AG, Berlin

Financial Statement Notes for Financial Year 2016

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. Grundlagen der Rechnungslegung

2.1 Angewendete Vorschriften

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 31.12.2016 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 2016:

Standard / Interpretation		Consequences
IAS 1	Presentation of financial statements	Formale Anpassungen beim Aufbau der primären Abschlussbestandteile und bei der Berichterstattung im Anhang
IAS 19	Costs for employees	None
IAS 16, IAS 41	Agriculture: Landwirtschaft: fructiferous plants	None
IAS 16, IAS 38	Clarification acceptable markdown methods	None
IAS 27	Equity-Methods in separate annual financial statement	None
IAS 28, IFRS 10, 12	Consolidated financial statement: Investment company	None
IFRS 11	Common Agreements: balancing of accounts of acquisition of shares of another company	None
Diverse	Yearly improvement of the IFRS 2010-2012 (accumulative standard)	None
Diverse	Yearly improvement of the IFRS 2012-2014 (accumulative standard)	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	Erwartete Auswirkungen
IAS 7	Cash flow statement	01/01/2017[1]	Additional information in the notes of the cash flow statement
IAS 12	Income tax: Approach of latent tax claims for unrealized losses	01/01/2017[1]	None
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)	01/01/2017 respectively 01/01/2018	None
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 Instuments	01/01/2018	None
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]	To be tested; rather little effect
IFRIC 22	Transactions in foreign currency and pre paid services	01/01/2018[1]	None
IFRS 16	Leasing	01/01/2019[1]	None expected
IFRIC 23	Insecurity telating to income tax handling	01/01/2019[1]	None
IFRS 17	Insurance agreements	01/01/2021[1]	None

[1] Adaption to european law is pending.

2.2 Restatement for financial year 2015

In preparing the consolidated financial statements for financial year 2016 it was found that expenses incurred in financial year 2015 for stock exchange listing were overstated due to incorrect application of the rules for the balance sheet presentation of a reverse takeover. Exchange listing expenses of EUR 1,287,824 should have been stated instead of EUR 8,726,864. The net loss for the year and reserves amount were thus both overstated by EUR 7,439,040. The stock exchange listing procedure and the error made are explained in the following.

With effect from 9 December 2015, the former listed company Porta Systems AG acquired all shares in the unlisted Elanix Technologies AG in a stock swap. To this end, the Company's share capital of EUR 516,600 was increased to EUR 5,166,000 through the issuance of 4,649,400 no-par shares with a nominal value of EUR 1.00 per share. The new shares were issued at a price of EUR 1.80 per share. The total fair value of the issued shares was thus EUR 8,368,920.

In meetings in September and December 2012 and in March 2013, the IFRS Interpretations Committee (IFRS IC) addressed two inquiries regarding reverse acquisitions in which the legal acquirer is not a business. In the view of the IFRS IC, such acquisitions must be presented by applying the rules for reverse acquisition mutatis mutandis. If the economically acquired entity does not evidence characteristics of a business, IFRS 2 should be relevant to IFRS 3. This has implications for the balance sheet presentation of a hypothetical acquisition from the perspective of the legally acquired company through which the shareholders of the legal acquirer hold the same equity in the combined company as the shareholders of the economic acquirer. If the fair value of the shares to be issued by the economic acquirer exceeds the fair value of the remeasured net assets of the economic acquiree, goodwill is not recognisable. The IFRS IC wants instead to have the amount charged as stock market listing expense for the period.

As we have now determined, the calculated exchange listing expense has to be corrected. The expense is to be calculated as follows:

(1) For the existing shareholders of Porta Systems AG to hold the same equity in Elanix Technologies AG as parent company of the Elanix Group thus formed, the company would have had to issue 11,111 new shares in exchange for 100% of Porta Systems AG shares.

(2) Because Elanix Technologies AG shares were not listed prior to the transaction, indirect measurement of the hypothetical consideration for the acquisition of all shares of Porta Systems AG appeared to yield a more reliable result. This involved the (hypothetically) acquired shares of Porta Systems AG (516,600 shares) being measured at the price as at the acquisition date (1.80 euros per share). That yields a fair value of EUR 929,880. The actual expense for exchange listing is then calculated thus:

	Fair value of shares issued by Porta Systems AG	EUR 929,880
-	Fair value of net assets of Porta Systems AG	EUR -357,944
=	Exchange listing expense	EUR 1,287,824

A different procedure was applied in the previous year's consolidated financial statements of Elanix Biotechnologies AG to calculate the actual amount of the increase in capital at Porta Systems AG (EUR 8,368,920). The amount of this increase in capital exceeds the amount of the hypothetical increase in capital (EUR 929,880) by EUR 7,439,040. That represents the difference between the recognised expense for exchange listing (EUR 8,726,864) and the appropriately calculated expense (EUR 1,287,824).

As a result, the reserves on the consolidated financial statements dated 31 December 2015 were overstated by EUR 7,439,040 and the net profit for the year was understated by the same amount. We are also correcting the reportable amounts of reserves, loss carried forward and subscribed capital. Specifically, foreign currency translation is now shown as a reserve and the change in the subscribed capital is reflects the reverse takeover.

Adjustment in BALANCE	31/12/2015				01/01/2015		
	Before Adjustments	Adjustments		After Adjustments	Before Adjustments	Adjustments	After Adjustments
Subscribed Capital	5.249.170		(83.170)	5.166.000	83.170	-	83.170
Reserves	16.325.964	(7.439.040)	203.835	9.090.759	12.911.746	-	12.911.746
Balance carried forward	(5.498.257)	7.439.040	(120.665)	1.820.118	4.655.710	-	4.655.710
Equity of the year attributable to: Shareholders of the parent company	16.076.877			16.076.877	17.650.626	-	17.650.626
Equity	**16.076.877**	-	-	**16.076.877**	**17.650.626**	-	**17.650.626**

Adaptions in the Company Profit/Loss accounting	01/01/2015 – 31/12/2015		
	Before Adjustments	Adjustments	RESTATED After Adjustments
Administration expenses	(10.602.102)	7.439.040	(3.163.062)
Loss before Financial expenses	**(10.597.550)**	7.439.040	**(3.158.510)**
Loss before income tax	**(10.610.316)**	7.439.040	**(3.171.276)**
Loss after income tax	**(10.227.610)**	7.439.040	**(2.788.570)**

Adjustments in the total account	01/01/2015 – 31/12/2015		
	Before Adjustments	Adjustments	RESTATED After Adjustments
Loss after income tax	(10.227.610)	7.439.040	(2.788.570)
Reclassificationable values			
Currency translation of foreign Companies	-	(26.621)	(26.621)
Other result	-	(26.621)	(26.621)
Overall result	(10.227.610)	7.412.419	**(2.815.191)**

2.3 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 experience 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 2020), 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.

The Company re-evaluates whether it controls an equity holding when facts or circumstances are in evidence indicating a change regarding one or more of the three criteria above.

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.

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

Elanix Technologies AG, thus gaining control of the company. The acquisition was carried out with the aim of marketing the activities of the cosmetics line. Through the purchase of Repair-A AG, the company was immediately given access to a product that had already been introduced locally on the market.

The purchase price of 188,060 EUR was paid in cash in the amount of 132,090 EUR. The company has assumed a liability for the remaining balance of 55,970 EUR, also to be settled in cash. The incidental acquisition costs incurred are 13,633 EUR (included in administrative costs). After deduction of the liquid funds held by Repair-A AG, the acquisition resulted in a net cash outflow of 112,453 EUR in the fiscal year 2016.

The allocation of the purchase price to the acquired assets and liabilities assumed at the time of acquisition is as follows:

	Enclosed current value EUR
Short-term assets	
Cash and equivalent	19.637
Trade receivables and other receivables	3.254
Inventory	31.757
Long-term assers	
Goodwill	133.412
Short-term liabilities	
Service liabilities and other liabilities	-
Long-term liabilities	
Latent tax liabilities	-
Total	188.060

The fair value of the claims corresponds to their nominal value. The estimated transaction- or company value of 133,412 EUR represents, in particular, the already existing distribution network and the market launch. It's not usable for tax purposes.

	Repair-A AG EUR	Total EUR
Cash consideration owed	132.090	132.090
Consideration owed in the form of equity instruments of the parent company	-	-
Less: Acquired cash and cash equivalents	(19.637)	(19.637)
Net outflow / (inflow)		112.453

The company Repair-A AG contributed a loss of € 1,058 to the consolidated net loss for the year, recording sales of € 6,226. If the company Repair-A AG had already been consolidated as of 1.1.2016, sales would have increased by € 24,878 and the group loss would have been reduced by € 2,042.

3.3 Angaben zu Tochterunternehmen

Name of the subsidiary	Main business	Head Office	Proportion of voting rights 31/12/2016	Share of the capital 31/12/2016
Full consolidated Subsidiaries				
Elanix Biotechnologies AG	Regenerative Medicine	Nyon	100%	100%
Elanix SARL	Patent Company	Nyon	100%	100%
Repair-A AG	Cosmetic Creams	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) 2016 EUR	Equity at 31/12/2016 EUR
Full consolidated Sibsidiaries				
Elanix Biotechnologies AG	Regenerative Medicine	Nyon	(597.048)	(1.542.893)
Elanix SARL	Patent Company	Nyon	(765)	(12.626)
Repair-A AG	Cosmetic Creams	Nyon	(870)	102.435

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. Transaction costs directly attributable to an issuance of financial liabilities not measured at fair value through profit and loss increase the fair value of the financial liabilities upon their addition. The fair value equals in normal case the value of the received service.

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 are hold by Elanix SARL.

The report currency of the company is EUR.

31/12/2015	EUR/CHF
0,93623	Annual average exchange rate (Exchange earnings and costs)
0,91962	Annual closing exchange rate (Exchange assets and liabilities)

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)

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:

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Earnings of selling Products	6.226	-
Earnings of Services	-	-
	6.226	-
Reduction in earnings (Cash discounts)	-	-
	6.226	-

4.2 Earnings from Investments, dividends and Interest

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Received dividends	-	-
Exchange rate earnings	20.124	4.654
Other	-	-
Total	20.124	4.654

4.3 Other Earnings

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Setoff of non-cash benefits to related parties	3	4.552
Total	3	4.552

4.4 Composition of Staff expenses

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Salaries	113.875	-
Costs of social security	13.151	-
Costs of retirement provision	29.667	-
Other staff expenses	9.171	-
Total	165.864	-

4.5 Administration expenses

Die Aufgliederung der Verwaltungsaufwendungen für das Geschäftsjahr in Bezug auf fortgeführte Geschäftsbereiche stellt sich wie folgt dar:

	01/01/2016 - 31/12/2016 EUR	01/01/2015 - 31/12/2015 EUR **RESTATED**[6]
Write-offs	1.251.338	1.247.550
Counseling, accounting and revision	188.072	72.727
Extern staff	182.365	104.551
Staff expenses	165.864	-
Administration expenses Stock, Investor relation etc.	113.892	-
Costs for the general business meeting	92.965	-
Write-offs of receivables (sales tax)	74.233	-
Lawyer expenses	71.828	211.298
Advertisement costs	58.191	11.706
Representation costs	37.139	20.200
Common Office and administration expenses	24.135	3.939
Maintenance expenses	21.664	2.585
Expenses for patent licensing	18.833	9.557
Rent	8.207	3.670
Extern expenses Consultancy	6.601	18.455
Cell Storage	5.797	12.093
Other Company expenses	4.743	156.795
Expenses for reaching quotation	-	1.287.824
Total	2.325.867	3.163.062

4.6 Financing costs

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Interest on autstanding account and credit (not from related parties)	32	15
Interest on autstanding account and credit (from related parties)	23.550	8.737
Total Interest expenses	23.582	8.752
Other financing costs	18.939	8.668
Total	42.521	17.420

[6] Previous year’s value adapted. The adaptions are clarified in the attachment declaration 2.2.

4.7 Income tax

4.7.1 Income taxes recorded in profit and loss

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Continuous taxes		
Income tax expenses/earnings in the ongoing year	1.148	(61)
Latent taxes		
Registered latent tax expenses	(453.730)	(382.766)
Tax expense for the current period	454.878	382.706

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:

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Pre-tax result	(2.345.513)	(3.171.276)
Income tax expense at tax rate of 23%	539.468	729.393
Effects of non-deductible expenses and income		(346.687)
Effects of losses carried forward where no latent tax receivable has been recorded.	(118.852)	
Tax rate differences	34.262	
Income tax expense recorded on the profit and loss account	454.878	382.706

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.

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Latent tax receivables	271.530	134.289
Latent tax debts	4.848.368	5.164.857

	Active latent taxes	
	31.12.2016 EUR	31.12.2015 EUR
Tax Losses carried forward	271.530	134.289
Pre-tax amount	**271.530**	**134.289**
Adjustment of the value		
Balancings		
Balance sheet approach	**271.530**	**134.289**

	Passive latent taxes	
	31/12/2016 EUR	31/12/2015 EUR
Immaterial assets (patent)	4.848.368	5.164.857
Pre-tax amount	**4.848.368**	**5.164.857**
Adjustment of the value		
Balancings		
Balance sheet approach	**4.848.368**	**5.164.857**

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 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	-
Total	**516.749**	**-**

4.8 Result after income taxes

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

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR RESTATED[7]
Shareholders of parent company	(1.890.635)	(2.788.570)
Non-controlling shareholders	-	-
Total	(1.890.635)	(2.788.570)

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

4.8.1 Impairment of value of assets

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Impairment of value of receivables	-	-
Impairment of receivables of turnover tax	74.232.55	-
Total	74.232.55	-

4.8.2 Write-offs

	01/01/2016 – 31/12/2016 EUR	01/01/2015 – 31/12/2015 EUR
Ordinary Write-offs of assets	3.788	-
Ordinary Write-offs of immaterial assets	1.247.550	1.247.550
Total	1.251.338	1.247.550

4.8.3 Immediately expensed research and development costs

	01.01.2016 – 31.12.2016 EUR	01.01.2015 – 31.12.2015 EUR
Research and development expenses	-	-

[7] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

4.9 Result per share

a) Undiluted Result per share

	2016	2015 Restated[8]
	Cents per Share	Cents per Aktie
Undiluted result per share	(0.36)	(0.54)

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

EUR	2016	2015
Net loss for the year attributable to shareholders of the parent company	(1.890.635)	(2.788.570)

	2016	2015
Weighted average number of ordinary shares applied in calculating basic earnings per share	5.317.205	5.166.000

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

	2016	2015 Restated[7]
	Cents per share	Cents per share
Diluted result per share	(0.36)	(0.54)

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

[8] Previous year's value adapted. The adaptions are clarified in the attachment declaration 2.2.

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:

	31/12/2016	31/12/2015
Patent	21.208.350	22.455.900
Goodwill	132.412	-

	Patents	Goodwill	Total
Cost of production			
As of 31/12/2014	24.951.137	-	24.951.137
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-		-
Separation			-
As of 31/12/2015	24.951.137	-	24.951.137
Admissions			-
Admissions from internal development			-
Acquisition as of vertical business combination	-	132.412	132.412
Separation			-
As of 31/12/2016	24.951.137	132.412	25.083.549
Cumulated write-offs and impairment of value			
As of 31/12/2014	1.247.687	-	1.247.687
Write-off expenses	1.247.550		1.247.550
Separation			-
Impairment of value			-
Other			-
As of 31/12/2015	2.495.237	-	2.495.237
Write-off expenses	1.247.550		1.404.345
Separation			-
Impairment of value			-
Other			-
As of 31/12/2016	3.742.787	-	3.742.787

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.

Annual impairment testing as at 31 December 2016

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

	31/12/2016		31/12/2015	
In EUR	Regenerative Medicine	Cosmetic Creams	Regenerative Medicine	Cosmetic Creams
Bookvalue of Goowill	-	132.412	-	-

Bookvalue of immaterial assets	21.208.350	-	22.455.900	-
Bookvalue of assets	-	-	-	-
Total	21.208.350	132.412	22.455.900	-

5.2 Subscribed capital

	31/12/2016 EUR
Subscribed capital	5.166.000
Increase of capital in the ongoing year	500.000
5.666.600 full paid ordinary shares	5.666.000

	Number of shares	Subscribed capital EUR
As of 31/12/2014	100.000	83.170
Effect reverse take-ober transaction	416.600	433.430
Changes in the ongoing year	4.649.400	4.649.400
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**

he 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 31/12/2016 are listed below:

Lee Ann Laurent Applegate, Schweiz	47.88%
Corinne Scaletta, Schweiz	5.13%
Thomas Svoboda, Schweiz	5.00%
David Deck, Monaco	12.38%
Gilbert Schöni, Dubai	12.38%

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

	31/12/2016 EUR	31/12/2015 EUR
Reserves for closing operations	25.149	9.196
Reserves for revision	42.500	9.196
Reserves for Consultancy	63.746	-
Reserves for legal and financial consulting	567.073	559.040
Payments for buying shares	-	17.933
Other short-term Reserves	28.660	38.799
Total	727.128	634.164

In EUR	Abgrenzung Vorleistungen	Ausstehende Arbeiten	Other	Total short-term reserves
As of 31/12/2014	505.593	2.495	31.609	539.697
Approach of additional Reserves	-	18.392	23.408	41.800
Claims	-	(2.495)	-	(2.495)
Liquidations	-	-	-	-
Effects of currency differences	53.447	-	-	53.447
As of 31/12/2014	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 fo 31/12/2016	567.073	131.395	28.660	727.128

5.4 Liquid assets

Für Zwecke der Konzernkapitalflussrechnung umfassen die Zahlungsmittel und Zahlungsmitteläquivalente Kassenbestände und Guthaben auf Bankkonten.

	31/12/2016 EUR	31/12/2015 EUR
Payment instruments and credit balance	73.581	72.820
	73.581	**72.820**

6. Other Information

6.1 Further Information about financial instruments

6.1.1 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.

	31/12/2016 EUR	31/12/2015 EUR
Debts	1.523.681	1.507.890
Cash and bank deposit	(73.581)	(72.820)
Net Debts	1.450.100	1.435.070
Equity	15.434.006	16.076.877
Net debts to equity ratio	9.40%	8.93%

6.1.2 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.

6.1.3 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 rate risk.

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 Yeas	1-5 Years	More than 5 Years	Total	Booking value
31/12/2015								
Non-interest-bearing		-	710.655	-	797.232	-	1.507.887	1.507.887
Financial leasing		-	-	-	-	-	-	-
Variable interest-bearing instruments		-	-	-	-	-	-	-
Fiexed interest bearing instruments		-	-	-	-	-	-	-
Total		-	710.655	-	797.232	-	1.507.887	1.507.877
31/12/2016								
Non-interest-bearing		-	441.487	567.073	515.121	-	1.523.681	1.523.681
Financial leasing		-	-	-	-	-	-	-
Variable interest-bearing instruments		-	-	-	-	-	-	-
Fiexed interest bearing instruments		-	-	-	-	-	-	-
Total		-	441.487	567.073	515.121	-	1.523.681	1.523.681

6.2 Categories of financial instruments

Financial assets	31/12/2016 EUR	31/12/2015 EUR
Cash and bank deposit	73.581	72.820
Loans and receivables	342.043	220.395

Financial liabilities	31/12/2016 EUR	31/12/2015 EUR
Financial liabilities measured at amortised cost	796.553	873.723

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	
	2016 EUR	2015 EUR	2016 EUR	2015 EUR
Tagator SA (provision of managing director)	-	-	157.726	104.551

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

	Sales of goods and services		Purchases of goods and services	
	2016 EUR	2015 EUR	2016 EUR	2015 EUR
Tagator SA	-	-	15.112	9.733

Loans for or from affiliated companies or people

EUR	Loans for affiliated companies		Loans for affiliated companies	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	EUR	EUR	EUR	EUR
Dardo Investment Partners FZ-LLC (Dubai)	-	-	91.884	90.583
David Lukas Deck	-	-	91.884	90.583
Gilbert Edgar Schöni	-	-	23.321	45.981
Total	-	-	207.089	227.147

Company shareholders provided loans to the company to finance growth.

6.4 Employees

The average number of employees was 1.25 – see breakdown of employees below:.

	31/12/2016	31/12/2015
Employees	5	0
Commercial Employees	0	0

Management remuneration

Management of the company continued to be sourced externally (Tagator SA.

6.5 Auditor fees

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

	31/12/2016	31/12/2015
	EUR	EUR
Annual audit ServicesAbschlussprüfungsleistungen	42.500	9.196
Other confirming Services	-	-
Tax advice services	-	-
Other Services	-	-
Total	**42.500**	**9.196**

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 (German Commercial Code/GAAP) rules.

6.6 Company governance boards

Executive Board:
Herr Tomas Svoboda (ab 12.02.2016)
Herr Armin Schulz (bis 20.06.2016)

The Supervisory Board members during the year under review were:

		Remuneration (paid or included as liability)
Torsten Cejka	Supervisory Board Chairman	10'000 €
Abigael de Buys Roesingh	Supervisory Board Member	
Marc Voigt	Supervisory Board Member	1.056 €
Matthias Gärtner	*retired*	3.750 €
Walter Blancke	*retired*	5.555 €

6.7 Events after the balance sheet date

In March 2017 another share offering was completed raising over EUR 4.7 million in capital. This share offering was to fund launch of the cosmetics line and further development of the flagship product FirstCover.

On 31 May 2017 the product GYNrepair was launched in the European Union market.

6.8 Assurances 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.

6.9 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[9] EUR	Cosmetic Ointments EUR	Crossover EUR	Company EUR
2015				
Sales revenue	-	-	-	-
Other internal revenues	-	-	4.552	4.552
Total revenues	-	-	4.552	4.552
Result before taxes	**(1.670.000)**	**-**	**(1.488.510)**	**(3.158.510)**
Further Information				
Write-offs	1.247.550	-	112	1.247.662
Segment investment	-	-	-	-
Number of Employees at the end of the year	-	-	-	-
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

Geographical segments respectively Segments based on regions

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

EUR	2016		2015	
	Regenerative Medicine[10] EUR	Cosmetic Ointments EUR	Regenerative Medicine[11] EUR	Cosmetic Ointments EUR
Geographical split of Revenue				

[9] Contains FirstCover
[10] Contains FirstCover
[11] Contains FirstCover

Switzerland	-	6.226	-	-
EU	-	-	-	-
Total Revenue	-	6.226	-	-

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

Berlin, the 29 June 2017

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Management (Tomas Svododa)