

EBERHARDT • LACKNER
ST E U E R B E R A T E R

ANNUAL FINANCIAL STATEMENTS

at 31. March 2019

PANACEA Biotec Germany GmbH

Landshuter Allee 8 - 10

80637 München

Commercial Register Information

Legal Seat: Munich

Local Court: Munich

Register ID: HRB 187529

Attestation

In accordance with the terms of our engagement, we have prepared the following annual financial statements - comprising the balance sheet and income statement - of PANACEA Biotec Germany GmbH for the financial year from 01. April 2018 to 31. March 2019 in accordance with the provisions of German commercial law. The basis for the preparation of these documents were the accounting records maintained by us and the other vouchers and inventory records presented to us, which we have not audited in accordance with the terms of our engagement, and the information provided to us. The bookkeeping system and the preparation of the inventory records and the annual financial statements in accordance with the provisions of German commercial law are the responsibility of the management of the company.

We performed our engagement in accordance with the *Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen* (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements). This engagement comprises the preparation of the balance sheet and income statement on the basis of the bookkeeping system and the inventory records, as well as of the accounting policies required to be applied.

Munich, 18. April 2019



A handwritten signature in blue ink, appearing to read "Eberhardt Lackner".

Eberhardt Lackner GbR
Steuerberater
(Tax Advisors)

Balance Sheet

PANACEA Biotec Germany GmbH
München

as at

31. March 2019

ASSETS

EQUITY AND LIABILITIES

	EUR	Financial year EUR	Previous year EUR		EUR	Financial year EUR	Previous year EUR
A. Fixed assets				A. Equity			
I. Intangible fixed assets				I. Subscribed capital		25.000,00	25.000,00
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets		94.174,00	101.561,00	II. Capital reserves		221.000,00	221.000,00
II. Tangible fixed assets				III. Net accumulated losses		3.789.581,25-	3.531.794,63-
1. Other equipment, operating and office equipment		496,00	1.028,00	- of which accumulated losses brought forward EUR 3.531.794,63- (EUR 3.929.074,38-)			
B. Current assets				Deficit not covered		3.543.581,25	3.285.794,63
I. Inventories				Book equity		0,00	0,00
1. Finished goods and merchandise	883.520,60		729.025,11	B. Provisions			
2. Prepayments (inventories)	<u>30.000,00</u>	913.520,60	30.000,00	1. Other provisions		929.374,24	903.057,96
II. Receivables and other assets				C. Liabilities			
1. Trade receivables	355.712,50		438.796,86	1. Trade payables	717.189,92		554.440,77
2. Receivables from affiliated companies	235.770,01		0,00	- of which due within one year EUR 717.189,92 (EUR 554.440,77)			
3. Other assets	<u>16.881,12</u>	608.363,63	12.419,78	2. Liabilities to affiliated companies	4.396.533,00		4.119.460,00
III. Cash-in-hand, central bank balances, bank balances and cheques		928.541,23	1.053.798,09	- of which due within one year EUR 0,00 (EUR 36.390,00)			
C. Prepaid expenses		16.363,73	7.921,68	- of which due after more than one year EUR 4.396.533,00 (EUR 4.083.070,00)			
D. Deficit not covered by equity		3.543.581,25	3.285.794,63	3. Other liabilities	<u>42.776,28</u>	5.156.499,20	62.219,42
				- of which taxes EUR 39.756,85 (EUR 61.764,85)			
				- of which due within one year EUR 42.776,28 (EUR 62.219,42)			
				D. Deferred income		19.167,00	21.167,00
		6.105.040,44	5.660.345,15			6.105.040,44	5.660.345,15

INCOME STATEMENT from 01.04.2018 to 31.03.2019

**PANACEA Biotec Germany GmbH
München**

	EUR	Financial year EUR	Previous year EUR
1. Sales		<u>1.689.693,51</u>	<u>2.130.470,37</u>
2. Gross revenue for the period		1.689.693,51	2.130.470,37
3. Other operating income			
a) Miscellaneous other operating income		12.632,47	4.931,04
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise		817.473,81	677.439,46
5. Personnel expenses			
a) Wages and salaries	455.148,38		509.113,92
b) Social security, post-employment and other employee benefit costs - of which in respect of old age pensions EUR 4.712,00 (EUR 0,00)	<u>49.155,17</u>	504.303,55	29.547,82
6. Depreciation, amortisation and write-downs			
a) Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets		8.106,69	8.589,58
7. Other operating expenses			
a) Occupancy costs	24.733,00		23.976,01
b) Insurance premiums, fees and contributions	21.288,70		13.704,32
c) Cost of third-party repairs and maintenance	152,99		169,79
d) Vehicle fleet expenses	24.899,21		13.468,18
e) Advertising and travel expenses	34.495,80		23.374,18
f) Selling and distribution expenses	110.239,78		93.181,78
g) Miscellaneous operating costs	<u>100.722,20</u>	316.531,68	115.020,98
8. Other interest and similar income		97,83	118,36
Carry forward		56.008,08	627.933,75

INCOME STATEMENT from 01.04.2018 to 31.03.2019

**PANACEA Biotec Germany GmbH
München**

	EUR	Financial year EUR	Previous year EUR
Carry forward		56.008,08	627.933,75
- of which interest income from discounting of provisions EUR 97,83 (EUR 118,36)			
9. Interest and similar expenses		<u>313.492,16</u>	<u>230.654,00</u>
- of which from affiliated companies EUR 313.463,00 (EUR 230.654,00)			
10. Net income/net loss after tax		257.484,08-	397.279,75
11. Other taxes		<u>302,54</u>	<u>0,00</u>
12. Net loss for the financial year		257.786,62	397.279,75-
13. Accumulated losses brought forward		<u>3.531.794,63</u>	<u>3.929.074,38</u>
14. Net accumulated losses		<u><u>3.789.581,25</u></u>	<u><u>3.531.794,63</u></u>

Balance Sheet ACCOUNTS as at 31.03.2019

PANACEA Biotec Germany GmbH
München

ASSETS

Account	Description	EUR	Financial year EUR	Previous year EUR
	Purchased concessions, industrial and similar rights and assets and licences in such rights and assets			
25 00	Other rights and assets		94.174,00	101.561,00
	Other equipment, operating and office equipment			
400 00	Operating equipment		496,00	1.028,00
	Finished goods and merchandise			
3980 00	Merchandise (inventories)		883.520,60	729.025,11
	Prepayments (inventories)			
1518 00	Prepayments, 19% input tax		30.000,00	30.000,00
	Trade receivables			
1400 00	Trade receivables		355.712,50	438.796,86
	Receivables from affiliated companies			
1595 00	Rcvbls affiliated comp due w/in 1 y		235.770,01	0,00
	Other assets			
1500 00	Other assets	0,00		489,00
1526 00	Security deposits due w/in 1 year	16.813,70		11.913,70
1548 00	Input tax ded. following period/year	32,42		17,08
1600 00	Trade payables	<u>35,00</u>	16.881,12	0,00
	Cash-in-hand, central bank balances, bank balances and cheques			
1210 00	Bank 1	98.006,75		220.998,76
1220 00	Bank 2	<u>830.534,48</u>	928.541,23	832.799,33
	Prepaid expenses			
980 00	Prepaid expenses		16.363,73	7.921,68
	Deficit not covered by equity			
	Equity deficit		3.543.581,25	3.285.794,63
	Total assets		<u>6.105.040,44</u>	<u>5.660.345,15</u>

Balance Sheet ACCOUNTS as at 31.03.2019

PANACEA Biotec Germany GmbH
München

EQUITY AND LIABILITIES

Account	Description	EUR	Financial year EUR	Previous year EUR
	Subscribed capital			
800 00	Subscribed capital		25.000,00	25.000,00
	Capital reserves			
844 00	Other additional capital contributions		221.000,00	221.000,00
	Net accumulated losses			
	Net accumulated losses		3.789.581,25-	3.531.794,63-
	of which accumulated losses brought forward EUR 3.531.794,63- (EUR 3.929.074,38-)			
2868 00	Accumulated losses brought forward			
	Deficit not covered			
	Equity deficit		3.543.581,25	3.285.794,63
	Other provisions			
965 00	Provisions for personnel expenses	41.500,00		165.000,00
966 00	Provsns for record retntn obligations	5.400,00		5.300,00
970 00	Other provisions	874.474,24		724.757,96
977 00	Provsns period-end closing/ audit costs	<u>8.000,00</u>	929.374,24	8.000,00
	Trade payables			
1600 00	Trade payables		717.189,92	554.440,77
	of which due within one year EUR 717.189,92 (EUR 554.440,77)			
1600 00	Trade payables			
	Liabilities to affiliated companies			
705 01	Loan Panacea Biotec Limited	4.396.533,00		4.083.070,00
1631 00	Trd pybls to affltd comp due w/in1 y	<u>0,00</u>	4.396.533,00	36.390,00
	of which due within one year EUR 0,00 (EUR 36.390,00)			
1631 00	Trd pybls to affltd comp due w/in1 y			
	of which due after more than one year EUR 4.396.533,00 (EUR 4.083.070,00)			
705 01	Loan Panacea Biotec Limited			
	Other liabilities			
1400 00	Trade receivables	3.019,43		454,57
1571 00	Deductible input tax, 7%	22,49-		6,31-
1574 00	Dedctbl input tax on intra-EU acqstn 19%	166.611,85-		240.323,03-
1576 00	Deductible input tax, 19%	59.218,03-		51.376,95-
1577 00	Dedctbl inpt tax sec 13b UStG 19%	<u>14.683,16-</u>		<u>11.788,06-</u>
Carry forward		237.516,10-	6.043.097,16	5.273.918,95

Commercial law

Balance Sheet ACCOUNTS as at 31.03.2019

PANACEA Biotec Germany GmbH
München

EQUITY AND LIABILITIES

Account Description	EUR	Financial year EUR	Previous year EUR
Carry forward	237.516,10-	6.043.097,16	5.273.918,95
Other liabilities			
1588 00 Acquisition tax liability	0,00		139,37-
1741 00 Wage and church tax payables	9.781,20		7.542,04
1774 00 VAT on intra-EU acquisitions, 19%	166.611,85		240.323,03
1776 00 VAT, 19%	372.971,70		431.317,63
1780 00 VAT prepayments	192.756,32-		240.880,93-
1781 00 VAT prepayments 1/11	59.117,00-		52.803,84-
1787 00 VAT under section 13b UStG, 19%	14.683,16		11.788,06
1789 00 VAT, current year	38.523,24-		0,00
1790 00 VAT, previous year	6.627,91		31.887,42-
1791 00 VAT, earlier years	<u>13,12</u>	42.776,28	0,00
of which taxes EUR 39.756,85 (EUR 61.764,85)			
1571 00 Deductible input tax, 7%			
1574 00 Deductible input tax on intra-EU acquisitions, 19%			
1576 00 Deductible input tax, 19%			
1577 00 Deductible input tax sec 13b UStG 19%			
1588 00 Acquisition tax liability			
1741 00 Wage and church tax payables			
1774 00 VAT on intra-EU acquisitions, 19%			
1776 00 VAT, 19%			
1780 00 VAT prepayments			
1781 00 VAT prepayments 1/11			
1787 00 VAT under section 13b UStG, 19%			
1789 00 VAT, current year			
1790 00 VAT, previous year			
1791 00 VAT, earlier years			
of which due within one year EUR 42.776,28 (EUR 62.219,42)			
1400 00 Trade receivables			
1571 00 Deductible input tax, 7%			
1574 00 Deductible input tax on intra-EU acquisitions, 19%			
1576 00 Deductible input tax, 19%			
1577 00 Deductible input tax sec 13b UStG 19%			
1588 00 Acquisition tax liability			
1741 00 Wage and church tax payables			
1774 00 VAT on intra-EU acquisitions, 19%			
1776 00 VAT, 19%			
1780 00 VAT prepayments			
1781 00 VAT prepayments 1/11			
1787 00 VAT under section 13b UStG, 19%			
1789 00 VAT, current year			
1790 00 VAT, previous year			
1791 00 VAT, earlier years			
Deferred income			
990 00 Deferred income		19.167,00	21.167,00
Total equity and liabilities		<u>6.105.040,44</u>	<u>5.660.345,15</u>

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Income statement ACCOUNTS from 01.04.2018 to 31.03.2019

PANACEA Biotec Germany GmbH
München

Account	Description	EUR	Financial year EUR	Previous year EUR
Sales				
8338 00	Tax-exempt sales 3rd country	2.000,00		2.000,00
8400 00	Revenue, 19% VAT	4.982.631,73		4.453.214,74
8730 00	Cash discounts granted	0,01-		0,00
8736 00	Cash discounts granted, 19% VAT	95.884,23-		78.047,33-
8770 00	Rebates granted	3.594,66-		3.095,97-
8770 10	Rebates estimated - charges outstanding	1.085,54-		10.600,00-
8770 20	Rebates estimated - charges outstanding	60.783,17-		230.404,10-
8790 00	Rebates granted, 19% VAT	258.011,31-		215.869,09-
8791 00	Rebates granted, 19% VAT	2.673.558,44-		1.786.727,88-
8791 01		<u>202.020,86-</u>	1.689.693,51	0,00
Miscellaneous other operating income				
2749 00	Refunds AAG	3.005,58		0,00
8611 00	Allctd.oth.n-c bnfts provsn car, 19% VAT	<u>9.626,89</u>	12.632,47	4.931,04
Cost of raw materials, consumables and supplies and of purchased merchandise				
3200 00	Cost of merchandise	0,00		340.831,00-
3736 00	Cash discounts received, 19% input t.	0,00		0,04
3800 00	Delivery costs	0,00		30.352,85-
3960 00	Chngs invntries r/c/s, purch. merch.	<u>817.473,81-</u>	817.473,81-	306.255,65-
Wages and salaries				
4100 00	Wages and salaries	383.648,38-		205.298,52-
4129 00	Management bonuses paid to employees	<u>71.500,00-</u>	455.148,38-	303.815,40-
Social security, post-employment and other employee benefit costs				
4130 00	Statutory social security expenses	43.801,56-		29.114,25-
4138 00	Contrib. to occup. health/safety agency	641,61-		433,57-
4165 00	Cost of old age pensions	<u>4.712,00-</u>	49.155,17-	0,00
of which in respect of old age pensions EUR 4.712,00- (EUR 0,00)				
4165 00	Cost of old age pensions			
Depreciation, amortisation and write-downs				
Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets				
4822 00	Amortisation of intngbl fixed assets	7.387,00-		7.387,00-
4830 00	Depreciation of tangible fixed assets	532,00-		532,00-
4855 00	Immediate write-off of low-value assets	<u>187,69-</u>	8.106,69-	670,58-
Carry forward			372.441,93	910.710,63

Income statement ACCOUNTS from 01.04.2018 to 31.03.2019

PANACEA Biotec Germany GmbH
München

Account	Description	EUR	Financial year EUR	Previous year EUR
Carry forward			372.441,93	910.710,63
	Occupancy costs			
4210 00	Rent (immovable property)		24.733,00-	23.976,01-
	Insurance premiums, fees and contributions			
4360 00	Insurance premiums	21.068,74-		13.501,85-
4380 00	Contributions	<u>219,96-</u>	21.288,70-	202,47-
	Cost of third-party repairs and maintenance			
4806 00	Hardware / software maintenance expenses		152,99-	169,79-
	Vehicle fleet expenses			
4500 00	Vehicle expenses	149,47-		3.021,08-
4520 00	Motor vehicle insurance	428,37-		0,00
4530 00	Current motor vehicle operat. costs	3.915,59-		0,00
4540 00	Motor vehicle repairs	226,23-		0,00
4570 00	Operating leases (motor vehicles)	<u>20.179,55-</u>	24.899,21-	10.447,10-
	Advertising and travel expenses			
4600 00	Advertising costs	31.359,81-		19.988,60-
4650 00	Entertainment expenses	323,86-		334,71-
4654 00	Non-deductible entertainm. expenses	138,80-		143,45-
4660 00	Employee travel expenses	541,37-		131,29-
4663 00	Employee travel expnses, cost of travel	963,03-		2.720,93-
4664 00	Employee trav. expn, addnl substnc costs	169,80-		55,20-
4666 00	Employee trav. expn, accommodation costs	832,93-		0,00
4669 00		<u>166,20-</u>	34.495,80-	0,00
	Selling and distribution expenses			
4700 00	Selling and distribution expenses		110.239,78-	93.181,78-
	Miscellaneous operating costs			
4900 00	Other operating expenses	14.164,33-		47.346,54-
4908 00	General administrative espenses	2.315,28-		1.590,87-
4909 00	Purchased services/third-party services	61.569,61-		40.507,50-
4910 00	Postage	12,29-		0,00
4920 00	Telephone	1.851,86-		1.585,72-
4930 00	Office supplies	277,24-		299,65-
4950 00	Legal and consulting costs	11.024,70-		12.951,45-
4955 00	Bookkeeping costs	5.819,76-		5.677,96-
4969 00	Environmtl remed./ waste disposal expns	1.877,32-		3.461,57-
4970 00	Incidental monetary transaction costs	1.485,49-		1.574,73-
4980 00	Operating supplies	<u>324,32-</u>	100.722,20-	24,99-
	Other interest and similar income			
2684 00	Interest income discount. provisions		97,83	118,36
Carry forward			56.008,08	627.933,75

Commercial law

Income statement ACCOUNTS from 01.04.2018 to 31.03.2019

PANACEA Biotec Germany GmbH
München

Account	Description	EUR	Financial year EUR	Previous year EUR
Carry forward			56.008,08	627.933,75
	of which interest income from discounting of provisions EUR 97,83 (EUR 118,36)			
2684 00	Interest income discount. provisions			
	Interest and similar expenses			
2109 01	Interest due to Loan Panacea Biotec Ltd	313.463,00-		230.654,00-
2140 00	Expenses similar to interest expenses	<u>29,16-</u>	313.492,16-	0,00
	of which from affiliated companies EUR 313.463,00- (EUR 230.654,00-)			
2109 01	Interest due to Loan Panacea Biotec Ltd			
	Other taxes			
4510 00	Motor vehicle tax		302,54-	0,00
	Net loss for the financial year			
	Net loss for the financial year		257.786,62-	397.279,75
	Accumulated losses brought forward			
2868 00	Accumulated losses brought forward		<u>3.531.794,63-</u>	<u>3.929.074,38-</u>
	Net accumulated losses			
	Net accumulated losses		<u>3.789.581,25-</u>	<u>3.531.794,63-</u>

STATEMENT OF CHANGES IN FIXED ASSETS

PANACEA Biotec Germany GmbH
München

as at

31. March 2019

	Cost Production costs 01.04.2018	Additions	Disposals	Transfers	Cost Production costs 31.03.2019	Cumul. deprec., amortisation, write-downs 01.04.2018	Deprec./amort./ write-downs Financial year	Disposals	Transfers	Cumul. deprec., amortisation, write-downs 31.03.2019	Reversals in financial year	carrying amount 31.03.2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. Fixed assets												
I. Intangible fixed assets												
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	152.466,58	0,00	0,00	0,00	152.466,58	50.905,58	7.387,00	0,00	0,00	58.292,58	0,00	94.174,00
Total intangible fixed assets	152.466,58	0,00	0,00	0,00	152.466,58	50.905,58	7.387,00	0,00	0,00	58.292,58	0,00	94.174,00
II. Tangible fixed assets												
1. Other equipment, operating and office equipment	8.837,07	187,69	0,00	0,00	9.024,76	7.809,07	719,69	0,00	0,00	8.528,76	0,00	496,00
Total tangible fixed assets	8.837,07	187,69	0,00	0,00	9.024,76	7.809,07	719,69	0,00	0,00	8.528,76	0,00	496,00
Total fixed assets	161.303,65	187,69	0,00	0,00	161.491,34	58.714,65	8.106,69	0,00	0,00	66.821,34	0,00	94.670,00

EBERHARDT • **L**ACKNER

S T E U E R B E R A T E R

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