

Audit Report

Financial Statements as at December 31, 2015

of

Lifespot AG

München

Enclosures

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Enclosures

Lifespot AG
München

Balance sheet as at 31 December 2015

ASSETS	<u>31.12.2015</u>	<u>31.12.2014</u>
	EUR	EUR
A. <u>Fixed Assets</u>		
Intangible fixed assets	<u>81.380,95</u>	<u>104.380,88</u>
B. <u>Current Assets</u>		
I. Receivables and Other assets	190,93	1.045,00
II. Bank balances	<u>366,41</u>	<u>1.545,64</u>
	<u>557,34</u>	<u>2.590,64</u>
C. <u>Prepaid expenses</u>	<u>1.662,50</u>	<u>0,00</u>
D. <u>Cumulative losses not covered by equity</u>	<u>92.628,55</u>	<u>49.874,72</u>
	<u>176.229,34</u>	<u>156.846,24</u>

EQUITY AND LIABILITIES	<u>31.12.2015</u>	<u>31.12.2014</u>
	EUR	EUR
A. <u>Equity</u>		
I. Share capital	50.000,00	50.000,00
II. Accumulated loss	-142.628,55	-99.874,72
III. Cumulative losses not covered by equity	<u>92.628,55</u>	<u>49.874,72</u>
	<u>0,00</u>	<u>0,00</u>
B. <u>Provisions</u>	<u>29.138,00</u>	<u>20.688,00</u>
C. <u>Liabilities</u>	<u>120.927,36</u>	<u>102.599,78</u>
D <u>Deferred Taxes</u>	<u>26.163,98</u>	<u>33.558,46</u>
	<u><u>176.229,34</u></u>	<u><u>156.846,24</u></u>

Income statement
for the financial year from January 1 to December 31, 2015

	2015 EUR	2014 EUR
1. Gross profit	12,00	0,00
2. Personnel expenses		
a) Wages and salaries	0,00	3.900,00
b) Social security and post employment	0,00	5,85
3. Depreciation on intangible assets and tangible fixed assets	27.126,98	0,00
4. Other operating expenses	17.432,06	47.937,20
5. Interest and similar expenses	5.601,27	3.400,61
6. Result from ordinary activities	-50.148,31	-55.243,66
7. Income Taxes	-7.394,48	16.137,98
- of which deferred tax expense	(-7.394,48)	(16.137,98)
8. Net result	-42.753,83	-71.381,64
9. Cumulative losses brought forward	-99.874,72	-28.493,08
10. Accumulated deficit	-142.628,55	-99.874,72

Lifespot AG, Munich

Explanatory Notes 2015

General Comments

The annual financial statements were prepared in accordance with §§ 242 et seq. and 264 et seq. HGB (Handelsgesetzbuch - German Commercial Code). At the reporting date, the Company had the size-characteristics of a small corporation following §§ 264, 267a HGB. Although Explanatory Notes are not mandatory within such size class, the Company decided to prepare such, applying (in part) relief provided under §§ 274a, 288 HGB for small companies limited by shares.

The Income Statement was prepared according to the Type of Expenditure Method.

Accounting and valuation principles

In due consideration of existing agreements to provide funds, sufficient funds to maintain the Company's business will be available, so the accounting and measurement are based on the assumption of going concern.

The following accounting and valuation principles have been applied for the preparation of the annual financial statements.

Intangible assets are recorded at acquisition and production costs and are depreciated, in case of being subject to deterioration, pursuant to their useful life's. Production costs only contain direct costs.

An amount of KEUR 55 is restricted from distributions, since these result from the capitalization of self-created intangible assets, reduced by deferred taxes.

Receivables, prepaid expenses and cash are recorded at face value.

Accrued liabilities are recorded on the basis of reasonable commercial assessment, in the amount of to be paid (including future increases in cost and sales pricing).

Liabilities are recorded in the amount of to be paid as well.

Notes Regarding the Balance Sheet

Receivables

As in the previous year, all receivables are due within one year after the balance sheet date.

Equity

The share capital is comprised as follows:

The holders of ordinary shares

50,000 shares á EUR 1,00 = EUR 50,000

The shares are held 100% by Lifespot Capital AG, Munich.

The Board of Directors is authorized by the constitution as of June 24, 2013, to raise the subscribed capital with consent of the Supervisory Board until July 4, 2018 with either cash and / or contribution in kind, in one or multiple steps up to EUR 25.000 (Approved Capital 2013/1).

The Company is overindebted with KEUR 93.

Liabilities

As in the previous year, all liabilities are due within one year after the balance sheet date.

Further Notes

During the reporting period, the Company's business was run by Dr. Hans-Ulrich von Sobbe. He is authorized to represent the Company on his own.

Supervisory Board

Claus-Georg Müller	Chair, CEO Venture Capital Firm
Sabrina Müller	Deputy Chair, Dipl. Kffr. (FH)
Frank Wessling	Manager and Computer Scientist

Appropriation of Earnings/Suggested Appropriation of Earnings

The accumulated deficit as of December 31, 2015 has developed as follows:

	EUR
Cumulative losses brought forward:	99,874.72
Net Loss 2015	42,753.83
	<hr/>
Accumulated Deficit on December 31, 2015:	142,628.55
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The Board suggests to carry-forward the loss.

Lifespot Capital AG is 100% owner of Lifespot AG. Thus, Lifespot AG is an dependent enterprise following §17 AktG. According to §312 AktG a Dependent Company Report was prepared. In this report, the board declares:

“The Company has listed all relevant legal contracts and relationships in its report on relationships to affiliated companies, known at the time of execution, and guarantees to have received proper consideration for such, and that neither the Affiliate nor the Company was disadvantaged by making these decisions.”

Munich, September 22, 2016

Dr. Ulrich von Sobbe, CEO

Statement of changes in equity
for the financial year 2015

	Share capital	Cumulative losses brought forward	Net result	Total
	EUR	EUR	EUR	EUR
January 1, 2015:	50.000,00	-99.874,72	0,00	-49.874,72
Net result in 2015:	0,00	0,00	-42.753,83	-42.753,83
December 31, 2015	50.000,00	-99.874,72	-42.753,83	-92.628,55

Cash flow statement
for the financial year 2015

	<u>2015</u>	<u>2014</u>
	EUR	EUR
Net result (previous to extraordinary income of expenditure)	-42.753,83	-71.381,64
+/- Depreciation, amortisation and write-downs of fixed assets/ reversals of write-downs of fixed assets	27.126,98	0,00
+/- Increase/Decrease of accruals	8.450,00	12.138,00
-/+ Increase/Decrease of stocks, trade accounts receivable and other assets not attributable to investing or financing activities	-808,43	261,80
+/- Increase/Decrease of trade accounts payable and other liabilities not attributable to investing or financing activities	9.196,31	32.759,06
+/- Interest expenses/income	5.601,27	3.400,61
+/- Income tax expense/income	-7.394,48	16.137,98
= <u>Cash flows from operating activities</u>	<u>-582,18</u>	<u>-6.684,19</u>
Payment to acquire intangible fixed assets	-4.127,05	-50.195,88
= <u>Cash flows from investing activities</u>	<u>-4.127,05</u>	<u>-50.195,88</u>
+ Proceeds from borrowings	3.530,00	55.000,00
= <u>Cash flows from financing activities</u>	<u>3.530,00</u>	<u>55.000,00</u>
Net change in cash funds	-1.179,23	-1.880,07
+ Cash funds at beginning of period	1.545,64	3.425,71
= <u>Cash funds at end of period</u>	<u>366,41</u>	<u>1.545,64</u>

Auditor's Report

Directed to Lifespot AG

We have audited the annual financial statements, comprising the balance sheet, the income statement as well as the voluntary prepared notes to the financial statements, the statement of changes in equity and the cash flow statement, together with the bookkeeping system, of Lifespot AG for the financial year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Without restricting this opinion, we refer to the Company's explanations under the section "Angaben zu den Bilanzierungs- und Bewertungsmethoden" within the notes. There it is explained that, in due consideration of existing agreements to provide funds, sufficient funds to maintain the Company's business will be available, so the accounting and measurement are based on the assumption of going concern.

Duesseldorf, September 22, 2016

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

.....
Grote
Wirtschaftsprüfer
(German Public Auditor)

.....
Weyers
Wirtschaftsprüfer
(German Public Auditor)

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.

(3) The engagement does not extend - to the extent it is not directed thereto - to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties - by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.