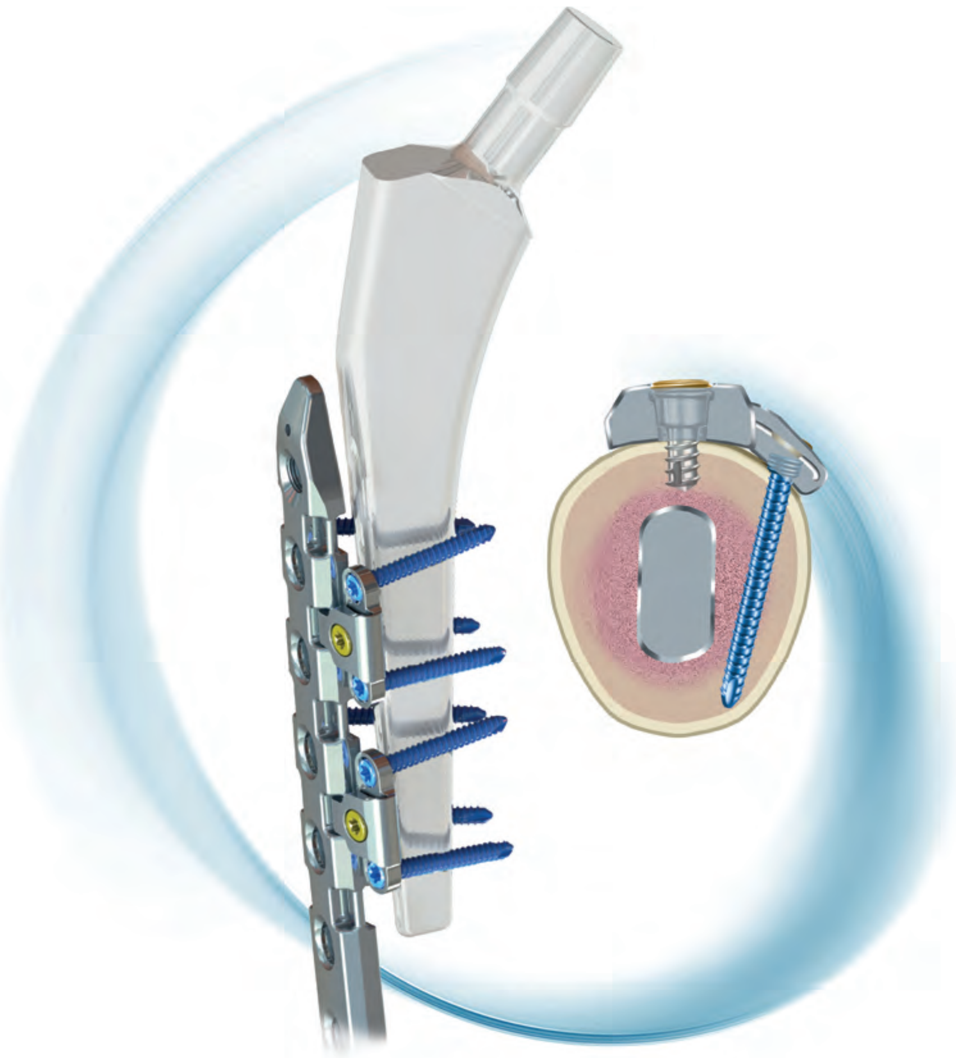
Interim Report 2nd quarter | 2017 Half-Year Report



Selected figures (unaudited)

Sales and result	01/01-06/30/2017	01/01-06/30/2016	Change
Sales (KEUR)	5,439	5,945	-9%
EBITDA (KEUR)	-3,307	-3,561	+7%
EBITDA margin (%)	-61%	-60%	
EBIT (KEUR)	-4,276	-4,520	+5%
EBIT margin (sales revenues, %)	-79%	-76%	
Net result (KEUR)	-4,808	-4,621	-4%
Cash flow and investments	**01/01-06/30/2017**	**01/01-06/30/2016**	**Change**
Operative cash flow (KEUR)	-2,933	-4,050	+28%
Investing activities in intangible assets (KEUR)	-514	-837	+39%
Investing activities in tangible assets (KEUR)	-374	-592	+37%
Total investing activities (KEUR)	-888	-1,429	+38%
Value development	**06/30/2017**	**12/31/2016**	**Change**
Intangible assets (KEUR)	11,273	11,145	-1%
Tangible assets (KEUR)	7,428	7,616	-2%
Working capital (KEUR)	10,440	11,450	-9%
Working capital ratio[1] (sales)	1.0	1.1	-5%
Non-current assets (KEUR)	21,573	22,069	-2%
Current assets (KEUR)	36,785	41,782	-12%
Capital structure	**06/30/2017**	**12/31/2016**	**Change**
Total assets (KEUR)	58,358	63,851	-9%
Shareholders' equity (KEUR)	50,186	54,776	-8%
Equity ratio (%)	86%	86%	
Share[2]	**01/01-06/30/2017**	**01/01-06/30/2016**	**Change**
Total amount of shares 06/30 (million pieces)	30.83	30.73	0%
Closing price 06/30 (EUR/Share)	1.42	1.33	+7%
Market Capitalization 06/30 (million EUR)	43.78	40.88	+7%
Average Price (EUR/Share)	1.32	1.39	-5%
High (EUR/Share)	1.48	1.67	-11%
Low (EUR/Share)	1.06	1.09	-3%
Ø Daily turnover (KEUR)	51.49	24.20	+113%
Employees	**06/30/2017**	**12/31/2016**	**Change**
Employees (Headcount)	143	155	-8%
Employees (FTE)	129	135	-4%

[1] Sales for the last four quarters
[2] Closing prices XETRA

Note: The figures contained in this quarterly statement are unaudited. Technical rounding differences could exist, which have no impact on the entire statement.

Product image front page: LOQTEQ® Distal Lateral Femur Plate Periprosthetic

Table of Contents

Foreword by the Management Board

Ladies and Gentlemen,
Dear Shareholders, Employees,
and Business Partners,

we met our financial targets in the second quarter of 2017. Both sales and EBITDA were within the guidance during the reporting period.

Trauma sales development was pleasing in the first half of 2017: we achieved an increase of 14% compared to the same period last year. In the second quarter of 2017, we recorded sales at the same level as in the previous year. Taking into account the divestments undertaken in the last year (*aap* Joints and *aap* Biomaterials) and the associated loss of the sales revenues realized with these companies, total sales in the second quarter dropped by 12% year-on-year, while we recorded an increase of 5% in the first half of the year. The above-mentioned year-on-year developments arose after separation of an initial sale with a distribution partner invoiced in the second quarter of 2016 which was revoked in course of drawing up the annual financial statements 2016.

A stronger focus on established markets such as North America and Europe is a key objective of our Management Agenda. Here, we again made good progress, in particular in North America. One milestone was the distribution agreement concluded with Integra LifeSciences for our LOQTEQ® Radius System in the second quarter. The partnership with this worldwide leading US medical technology company will support the dynamic development in North America and thus contribute to the further planned sales growth. In this strategically significant market, we recorded a sales growth of 26% in the first half of 2017, while the second quarter was approximately at the previous year's level. Here, sales generated by our North American subsidiary directly with distribution partners continue their positive momentum and, at the end of the first half year, were already above the value of the entire previous year. At the same time sales in the BRICS and SMIT countries indicated a positive trend towards stabilization in the first half of the year.

In financial year 2017, our aim is to improve EBITDA by both increasing gross margin and reducing costs. In the second quarter, we also recorded a significantly improved gross margin compared to the previous year, which is in particular based on the growing share of sales in established markets. In terms of costs, the drop in personnel costs continued in the second quarter as a consequence of the personnel measures implemented in the previous year. We have therefore already recorded a noticeable reduction over the first half of the year. At the same time, EBITDA was also burdened by one-time effects in the second quarter. Despite this one-time burden, EBITDA remained within the guidance, which once again reflects our stringent cost management.

We also recorded a good development in working capital management which had a positive influence on the operating cash flow in the first half of the year. In addition to the partial sales recognition through the reduction of inventories, we succeeded in reducing the level of trade receivables, thereby significantly improving the turnover rate of receivables (measured by the DSO key figure) compared to the previous year.

With regard to the further completion of the LOQTEQ® portfolio, the focus in the second quarter was primarily on preparations of approvals of further polyaxial LOQTEQ® systems and the continued product development steps to complete the *aap* foot system. In the area of silver coating technology, the focus was in particular on the coordination process regarding scope and design of the clinical study with the authorities involved. In addition, a renowned international CRO (Clinical Research Organization) with extensive experience in clinical studies of this kind was selected. The aim over the next few months is to plan the steps required to start the study in collaboration with the CRO and to implement them following official consultation. In addition, the team responsible for the development and approval of the silver coating technology was strengthened by experienced specialist and management staff from globally leading companies.

Furthermore, we implemented a public share buyback offer in recent weeks. Our shareholders thus participated in a part of the proceeds from the sale of *aap* Biomaterials GmbH. The voluntary offer was for the purchase of up to 2.25 million of our shares for EUR 1.52 per share. On the whole, the share buyback was a great success. The transaction generated much interest and was oversubscribed, with some 3.9 million shares offered for buyback. After completion we redeemed about 2.25 million purchased shares and reduced the share capital by the equivalent nominal amount.

Lastly, we can look back on a successful annual general meeting which took place on June 16, 2017 in Berlin. All agenda items were accepted with a large majority. We were also delighted with the re-election of the three existing Supervisory Board members Biense Visser, Jacqueline Rijsdijk and Rubino Di Girolamo. This will allow *aap* to maintain continuity within the central control body over the upcoming years.

Several challenges await us in the second half of the year. These must be overcome in order to meet the objectives for the financial year. We are confident that we will be able to return *aap* back on the envisaged growth path with the measures introduced.

Bruke Seyoum Alemu
Chairman of the Management Board / CEO

Marek Hahn
Member of the Management Board / CFO

The Share

General Information about aap's Share

International Securities Identification Number (ISIN)	DE0005066609
Securities Identification Number (WKN)	506 660
Listing	All German stock exchanges, XETRA
Stock Symbol	AAQ
Market Segment	Prime Standard (since 16 May, 2003)
Indices	CDAX Prime All Share Index Technology All Share Index
Prime Sector	Pharma & Healthcare
Capital Stock (06/30/2017)	EUR 30,832,156
Number of Bearer Shares (06/30/2017)	30,832,156
Authorized Capital (06/30/2017)	EUR 30,832,156

Key Figures* of aap's Share

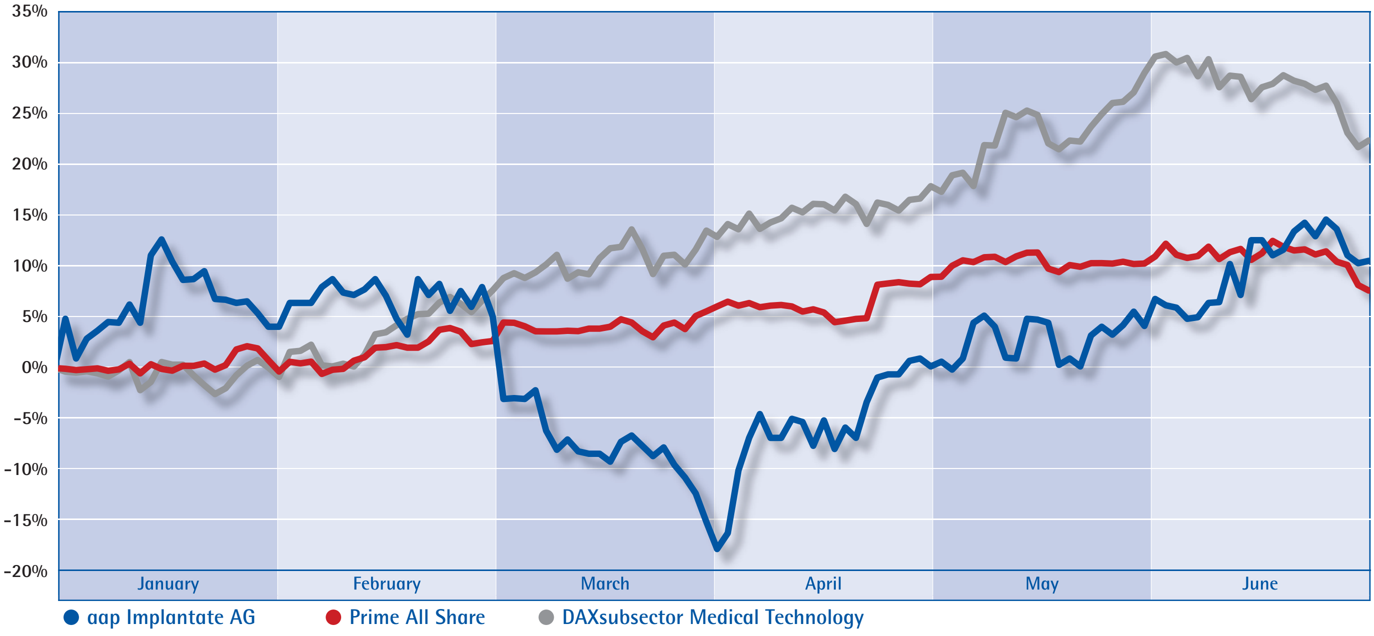
	H1	
	2017	2016
Closing Price 06/30 (EUR/Share)	1.42	1.33
Market Capitalization 06/30 (million EUR)	43.78	40.88**
Average Price (EUR/Share)	1.32	1.39
High (EUR/Share)	1.48	1.67
Low (EUR/Share)	1.06	1.09
Ø Daily Turnover (KEUR)	51.49	24.20

* Data source: Bloomberg. Figures relate to XETRA closing prices of the day.
** As of 06/30/2016, the number of bearer shares amounted to 30,733,256.

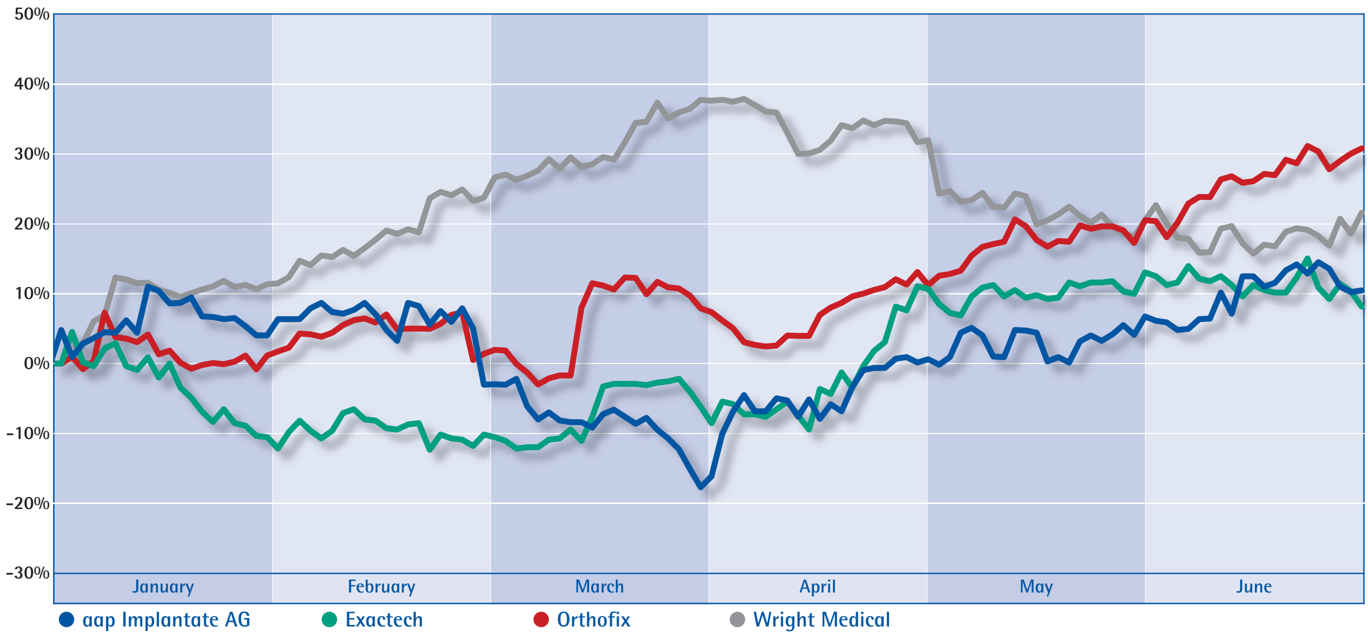
In the first half of 2017, sentiment on the international stock markets was largely positive. In line with this, the majority of German and international stock indices showed an upward trend during the reporting period. In addition to stable economic data, the capital market environment, in particular in the euro area, was also supported by Emmanuel Macron's victory in the French presidential election. In addition, the continuing low interest rate environment obviously also continued to have a positive effect on investor behavior. Towards the end of the reporting period, sentiment on the stock markets was dampened in particular by a speech from ECB President Mario Draghi, who suggested that expansive monetary policy was coming to an end. At the same time, uncertainty was caused by the continued appreciation of the euro against the US dollar, renewed drops in oil prices, and various geopolitical hotspots. However, these issues had no lasting negative impact on the generally positive overall picture in the first half of the year.

In line with the market as a whole, the *aap* share developed positively in the reporting period. Starting from a XETRA closing price of EUR 1.29 on January 2, 2017, the share initially rose in the first few days of the year before a sideways movement set in. The share experienced a downturn towards the end of the first quarter, hitting the half-year low of EUR 1.06 on March 30, 2017. The share price gradually recovered over subsequent weeks and increased significantly by the end of the reporting period. In addition to the results of the first quarter of 2017, positive influence was also exerted by the announcement of a voluntary public share buyback offer at the beginning of May. As a result, on June 26, 2017 the share reached the half-year high of EUR 1.48. The closing price for the reporting period was EUR 1.42 as at June 30, 2017. The *aap* share therefore increased by around 10% in total over the first half of 2017, thus also exceeding, for instance, the relevant Prime All Share index, which recorded an 8% increase over the same period.

Indices Share Price Comparison H1 | 2017



Peer Group Share Price Comparison H1 | 2017



Research

aap Implantate AG is currently covered by the following research companies:

Research Company	Current Analyst	Date of last publication
Warburg Research GmbH	Ulrich Huwald	02/23/2016
Edison Investment Research GmbH	Dr. Linda Pomeroy	05/18/2017

All research reports by the analysis firms are available at **www.aap.de/en/investoren/aktie/research.** The reports by Edison Investment Research GmbH are only available in English.

Investor Relations

Investor relations work at *aap* aims to achieve a fair valuation of the share by the capital market. In the first half of 2017 as well, this was based on a continuous and transparent dialog with all market participants as well as the provision of precise and valuation relevant information. The highlight of the reporting period was the 8th DVFA Frühjahrskonferenz in Frankfurt am Main. Here, the Management Board presented *aap* and exchanged views on the equity story and on current developments with existing and, in particular, potential new investors in several one-on-one meetings. Numerous conference calls were also held with investors in the first half of the year.

Investor Relations
app download

Later in the year, *aap* will also attend the German Equity Forum, held in Frankfurt am Main in November.

Annual General Meeting

On June 16, 2017, *aap*'s Annual General Meeting took place at the Ludwig Erhard Haus in Berlin. All agenda items were accepted by a large majority. It is certainly worth mentioning the re-election of the three members of the company's Supervisory Board: Biense Visser, Jacqueline Rijsdijk and Rubino Di Girolamo were re-elected to the body for the period until the end of the Annual General Meeting that resolves on the formal approval of the actions of the Supervisory Board for financial year 2021. Biense Visser continues to hold the post of Chairman of the Supervisory Board, while Jacqueline Rijsdijk acts as Deputy Chairwoman. This allows *aap* to maintain continuity within the central control body over the upcoming years.

Share buyback and capital reduction

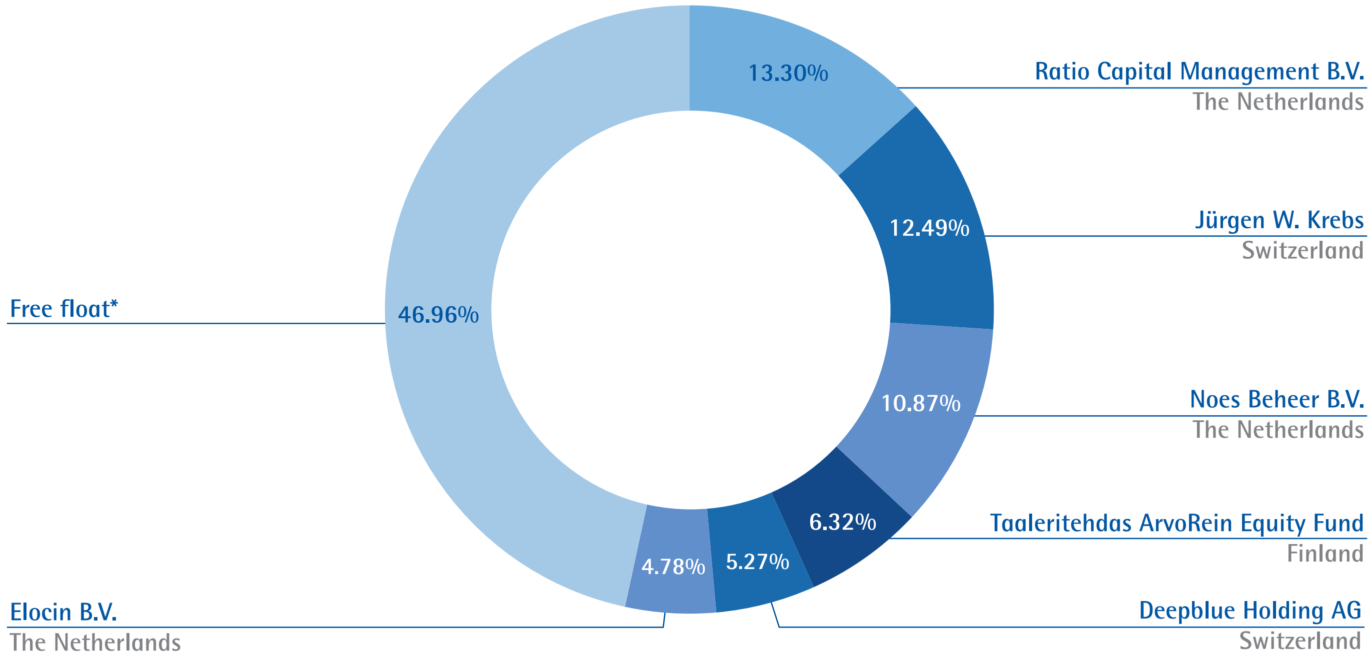
On May 8, 2017 *aap* announced the implementation of a voluntary public share buyback offer and concretised it with notification of June 15, 2017. In total, *aap* offered to acquire up to 2.25 million shares at EUR 1.52 per share for a maximum total purchase price (including incidental costs) of up to EUR 3.5 million as part of the share buyback. During the acceptance period from June 20, 2017 until July 10, 2017, the company was offered 3,906,681 shares for repurchase; the share buyback offer was therefore oversubscribed. Accordingly, the shareholders' declarations of acceptance were taken into account proportionally and 2,249,746 *aap* shares were repurchased. The acceptance ratio was therefore around 58%. With this measure the announced partial distribution of proceeds from last year's sale of the subsidiary *aap* Biomaterials GmbH to shareholders was carried out. With the share buyback, the company opted for a shareholder-friendly measure that does justice to the nature of a one-off special distribution most likely.

With the consent of the Supervisory Board, the Management Board decided on June 19, 2017 to redeem the 2,249,746 *aap* shares bought by means of the share buyback and to reduce the company's share capital by the corresponding amount of EUR 2,249,746.00. After the capital reduction, *aap*'s share capital thus amounts to EUR 28,582,410.00 and is divided into 28,582,410 no-par value ordinary bearer shares in a proportional amount of EUR 1.00 per no-par value share of the share capital.

Shareholder Structure

The first half of 2017 saw only one minor change in *aap*'s shareholder structure, which therefore continues to be characterized by a high level of stability with a long-term orientated investor base. The free float was approximately 46.96% on June 30, 2017.

The following table shows all shareholdings in *aap* ≥ 3% as of June 30, 2017 according to our information:



* Based on own calculations.

Shareholdings Executive Bodies

The table below shows the direct and indirect shareholdings of all members of the company's Supervisory Board and Management Board as of June 30, 2017:

	Shares	Options
Supervisory Board Members		
Biense Visser	292,873	150,000
Jacqueline Rijsdijk	0	0
Rubino Di Girolamo	1,626,157	0
Members of the Management Board		
Bruke Seyoum Alemu	250,000	204,000
Marek Hahn	56,000	186,000

Interim Group Management Report (unaudited)

Business and General Conditions

Organizational and Legal Structure

In the consolidated financial statements, *aap* Implantate AG and all of its companies have been consolidated using the full consolidation method, in which the parent company *aap* Implantate AG directly or indirectly holds the majority of voting rights through subsidiaries.

	Shareholding in %
aap Implantate AG Berlin	Parent company
aap Implants Inc. Dover, Delaware, USA	100%
MAGIC Implants GmbH Berlin	100%
AEQUOS Endoprothetik GmbH Munich	4.57%

Subsidiaries

aap Implants Inc.

aap Implants Inc. is the distribution company of *aap* Implantate AG for the North American market. The company is based in Dover, Delaware, USA. All orders are logistically handled via a service provider in Atlanta, Georgia, USA.

MAGIC Implants GmbH

MAGIC Implants GmbH is a shelf company in which all potential development and, if applicable, marketing activities in the area of magnesium technology should be bundled. The company is based in Berlin.

Holdings

AEQUOS Endoprothetik GmbH

There is a 4.57% stake in AEQUOS Endoprothetik GmbH that has no decisive influence on the operating and financial policies. The company is based in Munich.

Products, Markets & Distribution

Most products are sold under the brand name "*aap*". While products in German-speaking countries are sold directly to hospitals, buying syndicates and hospital groups, the company uses a broad network of distributors in more than 25 countries at the international level. In regional terms, the most important sales markets, in addition to North America, the DACH region and further European markets, are the BRICS and SMIT countries.

In the second quarter of 2017, as part of its marketing and sales activities, *aap* was inter alia present at the 18th EFORT Congress (European Federation of National Associations of Orthopaedics and Traumatology) in Vienna. With more than 6,000 participants, the international congress is a major European event in the fields of orthopedics and traumatology. Furthermore, the company organized the fourth "International Osteosynthesis Trauma Course" in collaboration with Giessen University Hospital and under the auspices of clinic director and university professor Dr. Christian Heiß. The event continues to be very popular and welcomed more than 40 participants from nine different countries.

Product Developments and Approvals

In the **LOQTEQ®** area, with regard to the further completion of the portfolio, the focus in the second quarter of 2017 was primarily on preparations of approvals of further polyaxial LOQTEQ® systems and the continued product development steps to complete the *aap* foot system. With polyaxial implants angle-stable screws can be inserted at different angles, thus allowing for flexible fracture treatment.

In the field of **silver coating technology**, the focus in the second quarter of 2017 was in particular on the coordination process regarding scope and design of the clinical study with the authorities involved. Furthermore, a renowned international CRO (Clinical Research Organization) with extensive experience in clinical studies of this kind was selected in the reporting period. The aim over the next few months is to plan the steps required to start the study in collaboration with the CRO and to implement them following official consultation. In addition, the team responsible for the development and approval of the silver coating technology was strengthened by experienced specialist and management staff from globally leading companies in the second quarter.

In the area of **magnesium technology**, *aap* primarily focused on the further technological development of the absorbable implants in the second quarter of 2017.

Employees

As at the reporting date of June 30, 2017, a total of 143 employees were employed at *aap* (December 31, 2016: 155 employees).

Economic Report

Preliminary remarks

Based on the reported sales figures of EUR 3.4 million in the second quarter of 2016 respectively EUR 5.9 million in the first half of 2016, it should be noted that the Management Board decided to revoke an initial sale with a distribution partner invoiced in the second quarter of 2016 as a precautionary measure in the course of drawing up the 2016 annual financial statements. The reason for this was the delayed payment of the contractual due purchase price. When calculating this effect, the like-for-like total sales for the second quarter of 2016 are EUR 2.7 million and EUR 5.2 million for the first half of 2016. Accordingly, like-for-like trauma sales amounted to EUR 2.3 million in the second quarter of 2016, and EUR 4.5 million for the first six months of 2016.

Earnings position

Sales and margin development as well as total operating performance

aap realized sales of EUR 2.3 million in the second quarter of the current financial year (Q2/2016 like-for-like: EUR 2.7 million), and thus a value within the forecast given in May of EUR 1.8 million to EUR 2.7 million. In the first half of 2017, sales increased by 5% to EUR 5.4 million year-on-year (H1/2016 like-for-like: EUR 5.2 million). It should be in particular noted that the decline in the second quarter, but above all the increase in the first half of 2017, must be considered against the backdrop of the divestments implemented in the previous year (*aap* Joints and *aap* Biomaterials) and the almost complete loss of sales revenues realized with these companies. In the first six months of financial year 2016, *aap* generated sales from the product business with *aap* Joints GmbH and from distribution services for the former subsidiary, *aap* Biomaterials GmbH, now disposed of, amounting to approximately EUR 0.7 million (H1/2017: EUR 0.3 million), while sales in the second quarter of 2016 reached EUR 0.4 million (Q2/2017: EUR 0.1 million).

The development of trauma sales in the first half of 2017 is pleasing: Here, the company recorded a year-on-year increase of 14% to EUR 5.2 million (H1/2016 like-for-like: EUR 4.5 million), while sales in the second quarter of 2017 were at the level of the previous year (EUR 2.3 million). With regard to the targeted distribution focus on established markets, the share of sales attributable to North America and Europe together increased to EUR 3.7 million in the first six months of the current financial year (H1/2016: EUR 3.6 million). The growth drivers here were, in particular, the strategically important core markets of North America and the DACH region, which grew by 26% and 10% respectively in the first half of 2017. At the same time, sales in the BRICS and SMIT countries showed a positive trend towards stabilization in the first six months of the current financial year.

Given the above developments, *aap*'s progress in the distribution focus on established markets such as North America, the DACH region and further European countries, as well as the targeted return to the growth path, is very much evident.

With decreased sales revenues, the **total operating performance** fell by EUR 0.4 million to EUR 2.9 million (-13%) in the second quarter of 2017 and by EUR 1.2 million to EUR 5.9 million (-17%) in the first half of 2017. The reason for this, besides the decreased sales volumes, is the reduction in inventories of finished goods and work in progress in the first half of 2017 (Q2/2017: inventory build-up of EUR 0.3 million), as well as reduced volume of own and development work capitalized if compared to the corresponding period in the last year. The development of inventories is very pleasing, as *aap* managed to partially generate sales in the first six months of 2017 from the existing inventories. The inventory increase recognized in the second quarter of 2017 was carried out exclusively to further support the dynamic business growth in North America.

Material expenditure decreased significantly from EUR 0.8 million in the second quarter of 2016 to EUR 0.4 million in the reporting period, or from EUR 2.3 million to EUR 1.1 million in a half year comparison. The same is true for the **cost of materials ratio** (with regard to sales revenues and changes in inventories), which also fell sharply to 16% (Q2/2016: 26%) in the second quarter of 2017 and to 20% (H1/2016: 37%) over the first half of 2017. The background of this development is on the one hand the fact that, compared to the same period in the previous year, no temporary employees were employed and, on the other hand, that there was a significant reduction in purchased services from third parties. This demonstrates further successes of our action plan, which has already been largely implemented and, among other things, aims to sustainably reduce production costs. In this regard, a reduction in the share of external services in favor of an increase in in-house manufacturing is an integral part of the plan to improve margins. In this context, further progress was recorded in the second quarter of 2017: For example, the share of external services in the cost of materials increased compared to the second quarter of 2016 to 6% (Q2/2016: 13%) and to 5% in the first half of 2017 (H1/2016: 20%).

Based on the aforementioned developments and the sales growth realized in established and higher-margin markets, as well as a disciplined management of inventories, the **gross margin** (related to sales revenues, changes in inventories and material expenditure) increased from 74% to 84% in the second quarter of 2017 and from 63% to 80% in the first six months of 2017.

Cost Structure and Result

The fall in **personnel expenses** reflects the personnel measures implemented in the second half of 2016, which were carried out as part of the process to adjust the cost level to the sales flows expected in the future and the reduced company size. As a result, personnel expenses dropped from EUR 2.4 million in the same period of the previous year to EUR 2.0 million in the second quarter of 2017, and from EUR 4.7 million to EUR 3.9 million in the first half of 2017. It should be noted here that, in the second quarter of 2016, personnel expenses included EUR 0.3 million in severance payments. The personnel cost ratio (based on total operating performance) fell from 72% to 68% in the second quarter, while there was no change in the first six months of 2017 despite a sharp drop in total operating performance (personnel cost ratio 67%).

As at the reporting date of 06/30/2017, a total of 143 employees were employed at *aap* (12/31/2016: 155 employees).

Other operating expenses increased both in the second quarter of 2017 and over the first six months of 2017 by EUR 0.7 million to EUR 2.5 million (Q2/2016: EUR 1.8 million) respectively to EUR 4.6 million (H1/2016: EUR 3.9 million). The sales-related costs of handling goods (outgoing freight, packaging material and sales commission) increased in line with the dynamic sales growth, particularly in North America, while the second quarter was additionally burdened with one-time effects from a risk provision in connection with product recalls initiated voluntarily in February and March 2017 (EUR 0.4 million) as well as a revised recognition of foreign currency effects (EUR 0.2 million). In addition, there were increased consultancy expenses in connection with the extensive program to improve the overall quality management system ("Quality First" project) initiated at the beginning of the year, the share buyback offer announced in June and the registration activities for the silver coating technology. In contrast, the remaining cost items tended to decrease. Overall, the ratio of the other operating expenses (based on total operating performance) was up on the previous year from 53% to 84% in the second quarter of 2017, and from 55% to 79% over the first half of 2017.

Based on the developments described, *aap* thus realized an **EBITDA** of EUR -1.6 million in the second quarter of 2017 (Q2/2016: EUR -1.4 million), which was also within the forecast of EUR -1.7 million to EUR -1.3 million issued in May. Despite the aforementioned one-time burdens, the company recorded an EBITDA of EUR -3.3 million, up by EUR 0.3 million (H1/2016: EUR -3.6 million) in the first six months of the financial year, which was mainly due to the improved gross margin, sharply reduced personnel costs and a slight increase in other income.

As one-time effects are included in both financial years, a comparison on the basis of the **recurring EBITDA** (EBITDA without one-time effects) is meaningful:

in EUR million	Q2/2017	Q2/2016
EBITDA	**-1.6**	**-1.4**
Q2/2016 initial sales revoked in Q4/2016	0.0	-0.5
Project „Quality First“	0.0*	0.0
Value depreciations raw materials	0.0	0.0
Risk provision voluntary product recalls	0.4	0.0
Voluntary share buy back offer	0.0*	0.0
Personnel measures	0.1	0.3
aap Joints transaction (recertification costs)	0.0*	0.1
Recurring EBITDA	**-1.1**	**-1.5**

* Expenses in the reporting period <EUR 50k

in EUR million	H1/2017	H1/2016
EBITDA	**-3.3**	**-3.6**
Q2/2016 initial sales revoked in Q4/2016	0.0	-0.5
Project „Quality First“	0.2	0.0
Value depreciations raw materials	0.2	0.0
Risk provision voluntary product recalls	0.4	0.0
Voluntary share buy back offer	0.0*	0.0
Personnel measures	0.1	0.3
aap Joints transaction (recertification costs)	0.0*	0.2
Recurring EBITDA	**-2.4**	**-3.6**

* Expenses in the reporting period <EUR 50k

Based on the above mentioned developments, the **recurring EBITDA**, adjusted for one-time effects, for the second quarter of 2017 amounted to EUR -1.1 million (Q2/2016: EUR -1.5 million) and EUR -2.4 million (H1/2016: EUR -3.6 million) for the first half of 2017, and it reflects the aimed development: Focus on established markets with higher profit margins and simultaneous a disciplined cost management to improve operational performance. These areas of activity are of key significance for the management in the 2017 financial year.

EBIT was at EUR -2.1 million in the second quarter of 2017 (Q2/2016: EUR -1.9 million) and at EUR -4.3 million in the first half of 2017 (H1/2016: EUR -4.5 million).

Overall, *aap* thereby realized a **net result** of EUR -2.6 million in the second quarter of 2017 (Q2/2016: EUR -1.9 million) and EUR -4.8 million in the first half of 2017 (H1/2017: EUR -4.6 million).

Asset Position

aap's balance sheet had not changed significantly at the end of the first half of 2017 compared to 12/31/2016. As such, total assets decreased by 9% from EUR 63.9 million at year-end 2016 to EUR 58.4 million at 06/30/2017.

The decrease in **non-current assets** as at 06/30/2017 of EUR 0.5 million compared to the end of the 2016 financial year results largely from, related to the planned depreciations, lower income from investments in intangible assets and property, plant and equipment as well as released cash securities for balances with banks pledged to third parties to secure financial liabilities, which are recognized in the other financial assets. The proportion of intangible assets to total assets stands at 19%, having risen slightly compared to year-end 2016 (12/31/2016: 17%).

Current assets decreased from EUR 41.8 million as at 12/31/2016 to EUR 36.8 million as at the reporting date and were influenced predominantly by the reduction in inventories and trade receivables, the reduction in other financial assets and the decrease in cash and cash equivalents. One pleasing development is that, in addition to the reduction of capital tied-up in inventories, **trade receivables** were reduced to EUR 2.1 million as at 06/30/2017 with an increase in sales in the first six months of 2017 (H1/2017 sales compared to the like-for-like H1/2016 sales; see the statements made under Earnings Position – sales and margin development as well as total operating performance).

Cash and cash equivalents fell in the first six months of 2017 and amounted to EUR 20.3 million as at the reporting date (12/31/2016: EUR 23.8 million). Together with the liquidity holdings tied-up under the current and non-current other financial assets, the cash holdings as at 06/30/2017 amounted to EUR 24.8 million (12/31/2016: EUR 28.9 million).

Based on the net result of EUR -4.8 million, **equity** decreased to EUR 50.2 million as of 06/30/2017 (12/31/2016: EUR 54.8 million). With total assets of EUR 58.4 million as at 06/30/2017 (12/31/2016: EUR 63.9 million), the equity ratio is unchanged at 86%.

After the payment of the regularly scheduled loan repayments (EUR 0.5 million), **financial liabilities** fell from EUR 1.3 million as at year-end 2016 to EUR 0.8 million as at 06/30/2017. **Trade accounts payable** also decreased from EUR 2.5 million to EUR 2.0 million as at 06/30/2017, while **other financial liabilities** increased by EUR 0.3 million to EUR 2.4 million.

Financial position

Starting from a net result of EUR -4.8 million, the **operating cash flow** of the *aap* group in the first half of 2017 was up to EUR -2.9 million compared to the previous year (H1/2016: EUR -4.1 million). The main changes year-on-year can be summarized as follows:

- Improved operating result (EBIT), with discontinued operations even recording a positive result of EUR 0.1 million in the previous year, over the period from 01/01 – 05/11/2016
- Working capital: Positive effects from consistent receivables management with a reduced level of trade receivables (EUR 0.8 million) and from the decrease in inventories (EUR 0.2 million), as well as a countervailing effect from the reduction in trade accounts payable of EUR 0.5 million.

Cash flow from investing activities decreased significantly to EUR -0.3 million in the first six months of 2017 (H1/2016: EUR 33.0 million). Investments in development projects (EUR 0.5 million) and property, plant and equipment (EUR 0.4 million) were offset against inflows from investment allowances of EUR 0.5 million. The cash flow of the previous year was significantly influenced by the high inflow of cash and cash equivalents from the sale of *aap* Biomaterials GmbH (inflow of EUR 34.5 million).

The main effects in **financing activities** can be summarized as follows:

- Repayments on loan contracts in the amount of EUR 0.5 million
- Repayments on finance leasing agreements in the amount of EUR 0.3 million
- Returns from released balances under pledged time deposits in the amount of EUR 0.7 million

This resulted in a cash outflow of EUR 0.1 million from financing activities during the first half of 2017 (H1/2016: EUR -1.7 million).

Cash and cash equivalents therefore decreased as at the reporting date, 06/30/2017, to EUR 20.3 million (12/31/2016: EUR 23.8 million). In addition, EUR 4.4 million in bank balances was recognized under non-current and current other financial assets, as it was pledged or deposited as a security to the financing bank for bank guarantees granted to third parties as part of the process to secure financial liabilities.

The **net balance** (the sum of all cash and cash equivalents, less all interest-bearing liabilities) was EUR 19.7 million as at 06/30/2017 (12/31/2016: EUR 23.0 million).

aap therefore had **cash holdings** (sum of all freely available cash and cash equivalents and the liquidity holdings bound under the current and non-current other financial assets) in the amount of EUR 24.8 million as at the reporting date (12/31/2016: EUR 28.9 million).

Risk and Opportunity Report

The risk and opportunity situation of *aap* Implantate AG has not materially changed since the year end 2016. There are still no risks that would threaten the company's continued existence. All existing risks and opportunities as well as the structure and set-up of our risk and opportunity management are comprehensively presented in the consolidated annual financial report 2016.

Outlook

For the third quarter of 2017 *aap* expects sales of EUR 1.8 million to EUR 3.0 million and EBITDA of EUR -1.8 million to EUR -1.2 million.

Bruke Seyoum Alemu
Chairman of the Management Board / CEO

Marek Hahn
Member of the Management Board / CFO

Interim Consolidated Financial Statements

Consolidated Balance Sheet (unaudited)

ASSETS (KEUR)	2017	2016
	06/30/2017	12/31/2016
Non-current assets	**21,573**	**22,069**
• Intangible assets	11,273	11,145
▸ Capitalized Services	11,174	11,013
▸ Other intangible assets	99	132
• Tangible assets	7,428	7,616
• Financial assets	192	192
• Other financial assets	1,188	1,802
• Deferred taxes	1,492	1,314
Current assets	**36,785**	**41,782**
• Inventories	10,299	11,055
• Accounts receivable (trade debtors)	2,110	2,936
• Other financial assets	3,505	3,665
• Other assets	530	351
• Cash and cash equivalents	20,340	23,774
Total assets	**58,358**	**63,851**

LIABILITIES AND SHAREHOLDERS' EQUITY (KEUR)	2017	2016
	06/30/2017	12/31/2016
Shareholders´equity	**50,186**	**54,776**
• Subscribed capital	30,832	30,832
• Capital reserve	17,532	17,511
• Revenue reserve	14,728	14,728
• Other reserve	490	490
• Consolidated balance sheet profit / loss	-13,544	-8,736
• Currency conversion differences	147	-50
Non-current liabilities (above 1 year)	**3,071**	**3,432**
• Financial liabilities	95	261
• Other financial liabilities	830	1,049
• Deferred taxes	1,304	1,266
• Provisions	12	37
• Other liabilities	830	819
Current liabilities (up to 1 year)	**5,102**	**5,643**
• Financial liabilities	666	999
• Trade accounts payable	1,969	2,541
• Other financial liabilities	1,585	1,082
• Provisions	361	375
• Other liabilities	520	646
Total liabilities and shareholders' equity	**58,358**	**63,851**

Consolidated Statement of Comprehensive Income (unaudited)

INCOME STATEMENT (KEUR)

	2017	2016
	04/01/2017 – 06/30/2017	04/01/2016 – 06/30/2016
• Sales	2,344	3,427
• Changes in inventories of finished goods and work in progress	323	-479
• Other own and development work capitalized	243	384
Total operating performance	**2,910**	**3,332**
• Other operating income	309	198
• Cost of purchased materials and services	-423	-756
• Personnel expenses	-1,982	-2,394
• Other operating expenses	-2,456	-1,769
• Other taxes	0	-1
EBITDA	**-1,642**	**-1,390**
• Depreciation of tangible assets and intangible assets	-484	-476
EBIT	**-2,126**	**-1,866**
• Financial result	-655	-17
• Income / Expenses from joint ventures and associates	0	-5
EBT	**-2,781**	**-1,888**
• Income tax	140	0
Net result/ Total comprehensive income	**-2,641**	**-1,888**
Total result after taxes	**-2,641**	**-1,888**
• Earnings per share (undiluted) in EUR	-0.09	-0.06
• Earnings per share (diluted) in EUR	-0.09	-0.06
• Weighted average shares outstanding (undiluted) in thousand pieces	30,832	30,832
• Weighted average shares outstanding (diluted) in thousand pieces	30,930	30,964

INCOME STATEMENT (KEUR)

	2017	2016
	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
• Sales	5,439	5,945
• Changes in inventories of finished goods and work in progress	-93	340
• Other own and development work capitalized	507	773
Total operating performance	**5,853**	**7,058**
• Other operating income	448	285
• Cost of purchased materials and services	-1,058	-2,295
• Personnel expenses	-3,913	-4,699
• Other operating expenses	-4,635	-3,905
• Other taxes	-1	-4
EBITDA	**-3,307**	**-3,561**
• Depreciation of tangible assets and intangible assets	-969	-959
EBIT	**-4,276**	**-4,520**
• Financial result	-671	-30
• Income / Expenses from joint ventures and associates	0	-11
EBT	**-4,947**	**-4,561**
• Income tax	139	-60
Net result/ Total comprehensive income	**-4,808**	**-4,621**
Total result after taxes	**-4,808**	**-4,621**
• Earnings per share (undiluted) in EUR	-0.16	-0.15
• Earnings per share (diluted) in EUR	-0.16	-0.15
• Weighted average shares outstanding (undiluted) in thousand pieces	30,832	30,832
• Weighted average shares outstanding (diluted) in thousand pieces	30,905	30,964

Consolidated Statement of Cash Flows (unaudited)

(KEUR)	2017	2016
	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Cash & cash equivalents at beginning of period (incl. held for sale)	23,774	4,943
Cash flow from operating activities	-2,933	-4,050
Net income after tax	-4,808	19,406
• Changes in working capital	570	-2,373
• Share-based compensation	21	67
• Depreciation / appreciation on fixed assets	969	993
• Change in provisions	-39	939
• Result from deconsolidation	0	-23,339
• Changes in other assets	-415	-199
• Changes in other liabilities	738	456
• Interests allowance / income	27	0
• Corporate tax allowance / income	3	0
Cash flow from investment activity	-342	33.035
• Outflows for investments in fixed assets	-374	-592
• Outflows for investments in intangible assets	-514	-837
• Payment from initial / deconsolidation	0	34,464
• Other in- and outflows from investment grants	542	0
• Interests received	3	0
Cash flow from financial activities	-147	-1,707
• Outflows for redemption of loans	-499	-1,500
• Outflows from redemption of finance lease	-283	-207
• Inflows from regranting of loan securities	665	0
• Interests paid	-30	0
Change of liquidity from exchange rate changes	-12	-2
• Increase / Decrease in cash & cash equivalents	-3,434	27,276
Cash & cash equivalents at end of period	20,340	32,219

Consolidated Statement of Changes in Equity (unaudited)

(KEUR)	Subscribed capital	Initial capital payments made for capital increase	Capital reserve	Revenue reserves: Legal reserves	Revenue reserves: Other revenue reserves	Non-cash changes in equity: Reserve for available-for-sale assets	Non-cash changes in equity: Other revenue reserves	Non-cash changes in equity: Difference from currency translation	Non-cash changes in equity: Total	Balance sheet result	Total
Status 01/01/2017	30,832	0	17,511	42	14,687	490	0	-50	440	-8,736	54,776
									0		
Increase in shares									0		0
Stock options			21						0		21
Income of the group as of 06/30/2017									0	-4,808	-4,808
Currency conversion differences								197	197		197
Total comprehensive income	0	0	21	0	0	0	0	197	197	-4,808	-4,590
Status 06/30//2017	30,832	0	17,532	42	14,687	490	0	147	637	-13,544	50,186
Status 01/01/2016	30,670	162	17,615	0	228	490	0	6	496	-8,865	40,306
Increase in shares									0		0
Stock options	63	-63	-33						0		-33
Income of the group as of 06/30/2016									0	19,406	19,406
Currency conversion differences								33	33		33
Total comprehensive income	63	-63	-33	0	0	0	0	33	33	19,406	19,439
Status 06/30/2016	30,733	99	17,582	0	228	490	0	39	529	10,541	59,712

Notes to the Interim Consolidated Financial Statements (unaudited)

1. Accounting and Valuation Methods

The unaudited interim financial statements as at 06/30/2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The same accounting policies are applied in the interim financial statements as in the consolidated financial statements for financial year 2016. For more information, please refer to the consolidated financial statements of December 31, 2016, which form the basis for these interim financial statements.

During the preparation of consolidated financial statements for interim reporting in accordance with IAS 34, the Management Board is required to make judgements and estimates as well as assumptions that affect the application of accounting principles within the group and the approach, recognition and measurement of assets and liabilities, income and expenses. The actual amounts may differ from these estimates.

The consolidated interim financial statements account for all current transactions and deferrals that the Management Board deems necessary for an accurate presentation of the interim results. The Management Board is confident that the information and comments presented convey a true and fair view of the asset, financial and earnings position.

2. New and Amended Standards and their Application

No new or revised standards which may be relevant for the group were mandatory with effect as at 01/01/2017. The other changes have no impact on the asset, financial and earnings position of the group.

As noted in the 2016 consolidated financial statements, the changes to the IFRS 15 standard do not affect *aap*.

Effects relating to changes to the IFRS 16 standard, which will replace the IAS 17 standard on 01/01/2018, are currently being reviewed and will be presented in the 2017 consolidated financial statements.

3. Changes to the Composition of the Company

Until June 30, 2017, no changes were made to the consolidation entity of the *aap* group.

4. Share-based Remuneration

The group-wide share-based remuneration system for the employees of *aap* and its affiliated companies was reported separately in the consolidated financial statements as at December 31, 2016. For further information please refer to the consolidated financial statements.

552,500 options were exercisable as of 06/30/2017.

The significant terms of the programs in force during the period under review are summarized in the following overview:

	Significant Terms of the Applicable Option Programs	
	2010	2012, 2013, 2014, 2015
Subscription right	Each option grants the beneficiaries the right to subscribe one no-par value bearer share in *aap* Implantate AG upon payment of the exercise price	
	The pecuniary benefit is limited to four times the exercise price	
Authorized individuals	• Employees and Management Board members of the company • Employees and members of the management of associated companies in accordance with Sections 15 et seqq. of the German Companies Act (AktG)	• Employees of the company • Employees of affiliated companies in accordance with Sections 15 et seqq. AktG • Only in the 2015 option program: Board members of the company
Issue period	Until 12/19/2011	2012: Until 12/19/2014, 2013: Until 12/19/2015, 2014: Until 12/18/2016, 2015: Until 12/19/2017
Waiting period	4 years from the date of issue	
Term	8 years from the date of issue	
Exercise periods	Within four weeks, beginning on the second trading day of the Frankfurt Stock Exchange • After the company's Annual General Meeting • After the date on which the management has made the annual financial statements, the half-year financial statements or the interim report for the first or third quarter of the company's fiscal year available to the public at the stock exchange	
Exercise price	The average closing price of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange on the five trading days preceding the first day of the purchase period, at least according to the lowest issue price in accordance with Sec. 9 para. 1 AktG	
Performance target	Option programs 2010, 2012, 2013 and 2014: The (average) closing auction price of the *aap* share in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day prior to the date on which the subscription right is exercised has to exceed the exercise price by at least 10%	
	Option program 2015: The closing price of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange on the last trading day prior to the date on which the subscription right is exercised has to be at least EUR 3.50	
Fulfilment	The company can choose whether to fulfil the obligation by issuing equity instruments or cash settlements	

All stock options within the stock option programs were issued in two or more tranches. In the past, realized compensations have been settled in cash. On 12/19/2014, the Management Board decided that, with immediate effect, additional options can only be exercised through the acquisition of equity instruments. Due to the legal requirements, only the options granted to the former chairman of the Management Board and the current chairman of the Supervisory Board are settled in cash. His stock options that may be exercised in the future are valued at the reporting date using the fair value of the future pay-off obligation and recorded as a provision.

As at the reporting date, the following option programs have not yet been exercised or fully exercised:

Option program	Date of acceptance per tranche	Number of options granted	Expiration date	Exercise price in EUR	Fair value on the grant date in EUR
2010	07/29/2010	360,000	07/28/2018	1.29	0.58
2010	11/17/2010	505,000	11/16/2018	1.17	0.50
2010	07/15/2011	481,600	07/14/2019	1.03	0.40
2010	11/15/2011	55,000	11/14/2019	1.00	0.39
2012	07/25/2012	65,000	07/24/2020	1.00	0.51
2012	11/28/2012	180,000	11/27/2020	1.30	0.63
2012	07/03/2013	65,000	07/02/2021	1.27	0.64
2012	11/25/2013	5,000	11/24/2021	1.78	1.02
2013	07/03/2013	165,000	07/02/2021	1.27	0.64
2013	11/25/2013	135,000	11/24/2021	1.78	1.02
2013	07/01/2015	49,000	06/30/2023	2.51	1.02
2013	12/02/2015	26,500	12/01/2023	1.53	0.67
2014	07/01/2015	155,000	06/30/2023	2.51	1.02
2014	12/02/2015	133,500	12/01/2023	1.53	0.67
2014	07/04/2016	30,000	07/03/2024	1.36	0.54
2014	12/01/2016	66,500	11/30/2024	1.31	0.46
2015	07/01/2015	90,000	06/30/2023	2.51	1.00

The following table illustrates the quantity and weighted average exercise prices (WAEPs) and the development of the stock options during the reporting period:

	2017		2016	
	Quantity	WAEP in EUR	Quantity	WAEP in EUR
Pending as of 01/01	1,046,000	1.42	1,453,500	1.32
Granted	0	–	0	–
Expired / waived / forfeited	-55,000	1.87	-242,000	1.56
Exercised	0	–	0	–
Pending as of 06/30	**991,000**	**1.40**	**1,211,500**	**1.27**
Of which exercisable	**552,500**		**532,500**	

The range of exercise prices for the stock options pending as of 06/30/2017 ranged from EUR 1.00 to EUR 2.51 (06/30/2016: EUR 1.00 to EUR 2.51). The stock options pending as of the end of the reporting period have a weighted average remaining term of 3.7 years (06/30/2016: 4.8 years). The expense shown in the reporting period for current option programs amounted to KEUR 51 (06/30/2016: KEUR 63), of which KEUR 21 were for programs to be settled through equity instruments and KEUR 30 for programs to be settled in cash in order to increase the provision, as the right to select the way of exercise of the company for fulfilling by equity instruments actually no longer exists with respect to the Supervisory Board.

5. Reporting on Financial Instruments

The following table shows the financial instruments held by the group as at 06/30/2017. Additional information on financial instruments can be found in the consolidated financial statements as at December 31, 2016.

	Valuation categories in accordance with IAS 39	Book value 06/30/2017	Amortized costs	Fair value without impacting on income	Valuation acc. to IAS 17	Fair value 06/30/2017
Assets		KEUR	KEUR	KEUR	KEUR	KEUR
Financial assets	AfS	192	192			192
Accounts receivable	LaR	2,110	2,110			2,110
Other financial assets	LaR	530	530			530
Cash and cash equivalents	LaR	20,340	20,340			20,340
Liabilities		KEUR	KEUR	KEUR	KEUR	KEUR
Financial liabilities	FLAC	661	661			661
Accounts payable	FLAC	1,969	1,969			1,969
Capital lease obligations		1,287			1,287	
Other financial liabilities	FLAC	520	520			520

	Valuation categories in accordance with IAS 39	Book value 06/30/2016	Amortized costs	Fair value without impacting on income	Valuation acc. to IAS 17	Fair value 06/30/2016
Assets		KEUR	KEUR	KEUR	KEUR	KEUR
Financial assets	AfS	192	192			0
Accounts receivable	LaR	6,155	6,155			6,155
Other financial assets	LaR	587	587			587
Cash and cash equivalents	LaR	32,219	32,219			32,219
Liabilities		KEUR	KEUR	KEUR	KEUR	KEUR
Financial liabilities	FLAC	1,760	1,760			1,760
Accounts payable	FLAC	2,161	2,161			2,161
Capital lease obligations		1,759			1,759	
Other financial liabilities	FLAC	706	706			706

The *aap* group holds only primary financial instruments. The volume of primary financial instruments is shown in the balance sheet. The financial asset amount represents the maximum default risk. Where default risks are apparent, they are reflected as value adjustments. The fair values of cash and cash equivalents, current receivables, accounts payable, other current financial liabilities and financial debts correspond to their book values, in particular due to the short maturity of such financial instruments.

Non-current receivables with remaining terms of more than one year are valued on the basis of various parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financing transaction. Accordingly, the book values of these receivables less the shown value adjustments are approximately equivalent to their cash values. The fair value of non-current liabilities to banks and non-current finance lease liabilities are measured by discounting the expected future cash flows at interest market rates which are usual for similar financial liabilities with comparable maturities. The financial assets available for sale relate to shares in AEQUOS Endoprothetik GmbH. A new re-verification will be carried out as part of the preparation of the 2017 consolidated financial statements.

6. Relationships with Related Companies and Individuals

Relationships with related companies and individuals are shown by groups of people.

	Individuals and companies with significant influence on the group	Associated companies	Individuals in key positions within the group
06/30/2017	KEUR	KEUR	KEUR
Proceeds from sales of goods and services	0	0	0
Purchases of goods and services	0	0	0
Accounts receivable / other receivables	0	0	0
Accounts payable / other liabilities	0	0	0
Interest income	0	0	0
Interest rate	0	0	0
Loan and interest receivables	0	0	0
Interest expenses	0	0	0
Interest rate	0	0	0
Loan obligations	0	0	0

	Individuals and companies with significant influence on the group	Associated companies	Individuals in key positions within the group
06/30/2016	KEUR	KEUR	KEUR
Proceeds from sales of goods and services	0	361	0
Purchases of goods and services	0	0	0
Accounts receivable / other receivables	0	473	0
Accounts payable / other liabilities	0	0	45
Interest income	0	0	0
Interest rate	0	6.5%	0
Loan and interest receivables	0	0	0
Interest expenses	0	0	0
Interest rate	0	0	0
Loan obligations	0	0	0

All transactions do not fundamentally differ from trade relationships with third parties.

7. Other Events

On May 8, 2017, *aap* Implantate AG announced the resolution of the Management Board and Supervisory Board on the intended implementation of a share buyback within the next months in an insider information according to Article 17 MAR. The details of the transaction were published on June 15, 2017 as a further insider information according to Article 17 MAR. With the approval of the Supervisory Board, the Management Board resolved to purchase up to 2.25 million no-par value bearer shares of the company by means of a voluntary public share buyback offer against a cash payment of EUR 1.52 per no-par value share for a maximum total purchase price (including incidental costs) of up to EUR 3.5 million. The shares offered for purchase corresponded to a proportion of up to approximately 7.3% of the company's share capital at the time. With this measure the announced partial distribution of proceeds from last year's sale of the subsidiary *aap* Biomaterials GmbH to shareholders was carried out.

On July 12, 2017, *aap* Implantate AG published the result of the share buyback in an insider information according to Article 17 MAR. A total of 3,906,681 no-par value bearer shares of the company were offered for repurchase to the company within the acceptance period of the voluntary public share buyback offer from June 20, 2017 until July 10, 2017. Thereby the share buyback offer of *aap* Implantate AG was oversubscribed. The shareholders' declarations of acceptance were therefore taken into account proportionally in accordance with Section 3.3 of the offer document.

Finally, *aap* Implantate AG announced in an insider information according to Article 17 MAR on July 19, 2017 that the Management Board, with the approval of the Supervisory Board, has resolved to redeem the 2,249,746 no-par value shares bought by means of the voluntary public share buyback offer of *aap* Implantate AG, and to reduce the company's share capital by the corresponding amount of EUR 2,249,746.00. After the implementation of the capital reduction, *aap* Implantate AG's share capital amounts to EUR 28,582,410.00 and is divided into 28,582,410 no-par value ordinary bearer shares in a proportional amount of EUR 1.00 per no-par value share of the share capital.

8. Release of the Consolidated Financial Statements

The Management Board of *aap* Implantate AG released the consolidated interim financial statements for the second quarter of 2017 on August 11, 2017 for submission to the Supervisory Board and subsequent publication.

Responsibility Statement by the Legal Representatives

To the best of our knowledge and in accordance with the applicable reporting principles for interim consolidated financial statements, these statements present a true and fair view of the group's asset, financial and earnings position and the interim group management report includes a fair review of the development and performance of the business and the group's position, together with a description of the principal opportunities and risks associated with the group's expected development in the remainder of the financial year.

Bruke Seyoum Alemu
Chairman of the Management Board / CEO

Marek Hahn
Member of the Management Board / CFO

Company Calendar

2017

• November 14, 2017

Quarterly Statement 3rd quarter 2017

• November 27 - 29, 2017

German Equity Forum 2017 (Analyst Meeting)

Frankfurt am Main

Forward-looking statements

This report contains forward-looking statements based on current experience, estimates and projections of the management board and currently available information. They are not guarantees of future performance. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Many factors could cause the actual results, performance or achievements of aap to be materially different from those that may be expressed or implied by such statements. These factors include those discussed in aap's public reports. Forward-looking statements therefore speak only as of the date they are made. aap does not assume any obligation to update the forward-looking statements contained in this release or to conform them to future events or developments.

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