

Speciallægeselskabet Ciconia Århus ApS

Saralyst Allé 50
8270 Højbjerg

CVR no. 18 02 19 35

Annual report for the period 1 January 2019 – 31 March 2020

The annual report was presented and approved at
the Company's annual general meeting on

1 December 2020

Judith Fleming
chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January 2019 – 31 March 2020	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Speciallægeselskabet Ciconia Århus ApS
Annual report 2019/20
CVR no. 18 02 19 35

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Speciallægeselskabet Ciconia Århus ApS for the financial period 1 January 2019 – 31 March 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2020 and of the results of the Company's operations for the financial period 1 January 2019 – 31 March 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 1 December 2020
Executive Board:

Kathrine Birch Petersen
CEO

Jacob Lyster Dethlefsen

Jakob Graves Rønk
Dinesen

Board of Directors:

Judith Fleming
Chairman

Geoffrey Howard Trew

Timothy John Child

Johannes Röhren



Independent auditor's report

To the shareholders of Speciallægeselskabet Ciconia Århus ApS

Opinion

We have audited the financial statements of Speciallægeselskabet Ciconia Århus ApS for the financial period 1 January 2019 – 31 March 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2020 and of the results of the Company's operations for the financial period 1 January 2019 – 31 March 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may



Independent auditor's report

- involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 December 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jette Kjær Bach
State Authorised
Public Accountant
mne19812

Speciallægeselskabet Ciconia Århus ApS
Annual report 2019/20
CVR no. 18 02 19 35

Management's review

Company details

Speciallægeselskabet Ciconia Århus ApS
Saralyst Allé 50
8270 Højbjerg

Telephone: 86 27 76 26
Fax: 86 27 76 56
Website: www.ciconia.dk
E-mail: aarhus@ciconia.dk

CVR no.: 18 02 19 35
Established: 30 June 1994
Registered office: Aarhus
Financial period: 1 January 2019 – 31 March 2020

Board of Directors

Judith Fleming, Chairman
Geoffrey Howard Trew
Timothy John Child
Johannes Röhren

Executive Board

Kathrine Birch Petersen, CEO
Jacob Lyster Dethlefsen
Jakob Graves Rønk Dinesen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 1 December 2020.

Management's review

Operating review

Principal activities

The Company's main activities consist of operating a private hospital, with focus on fertility treatment (IVF), orthopedic and orthopedic surgery, ear-, nose-, and throat surgery, gynaecological surgery, abdominal surgery, plastic surgery and medical elucidations, including medical examinations.

Development in activities and financial position

The income statement of the Company for 1 January 2019 to 31 March 2020 shows a loss of DKK 2,833 thousand compared to loss of DKK 1,688 thousand in 2018.

The poor result means that the Company has lost its equity. Management expects that the equity will be re-established by the Company's own earnings.

Speciallægeselskabet Ciconia Århus ApS has received a letter of support from Delivery I Ltd. in which it is confirmed that the parent company will provide the necessary cash until the annual general meeting in 2021 when the annual report for the year ended 31.03.2021 will be approved.

Going concern

The Company's working capital is negative and indicates a need for liquidity support in the financial year 2020.

The Company has received a letter of support from the Parent Company (Delivery I Ltd.), in which it is confirmed that the Parent Company will provide the necessary cash for the Company at least for the next 12 months.

Events after the balance sheet date

The company has been material effected by the COVID-19 virus.

Because of this, the Company will be affected by COVID-19 by reduced income. At the current stage, it is impossible to quantify the effect from COVID-19 as no one knows how this will impact the society, including the Companies' customers on long-term basis. Besides this, no other events have occurred after the balance sheet date which materially affects the financial position of the Company.

Financial statements 1 January 2019 – 31 March 2020

Income statement

DKK	Note	1/1 2019- 31/3 2020	2018
Gross profit		8,952,692	7,665,522
Staff costs	3	-10,995,033	-8,819,566
Depreciation, amortisation and impairment losses		<u>-709,826</u>	<u>-419,576</u>
Operating loss		-2,752,167	-1,573,620
Financial expenses	4	<u>-192,667</u>	<u>-114,773</u>
Loss before tax		-2,944,834	-1,688,393
Tax on profit/loss for the year		<u>111,867</u>	<u>0</u>
Loss for the year		<u><u>-2,832,967</u></u>	<u><u>-1,688,393</u></u>
Proposed distribution of loss			
Retained earnings		<u><u>-2,832,967</u></u>	<u><u>-1,688,393</u></u>
		<u><u>-2,832,967</u></u>	<u><u>-1,688,393</u></u>

Financial statements 1 January 2019 – 31 March 2020

Balance sheet

DKK	Note	31/3 2020	31/12 2018
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		2,032,903	1,766,573
Leasehold improvements		109,924	174,832
		<u>2,142,827</u>	<u>1,941,405</u>
Investments			
Other receivables		487,667	479,006
Total fixed assets		<u>2,630,494</u>	<u>2,420,411</u>
Current assets			
Inventories			
Raw materials and consumables		365,249	328,627
Receivables			
Trade receivables		405,554	632,080
Other receivables		0	11,014
Deferred tax asset		819,646	819,646
Corporation tax		111,867	0
Prepayments		242,514	69,797
		<u>1,579,581</u>	<u>1,532,537</u>
Cash at bank and in hand		<u>624,991</u>	<u>366,484</u>
Total current assets		<u>2,569,821</u>	<u>2,227,648</u>
TOTAL ASSETS		<u><u>5,200,315</u></u>	<u><u>4,648,059</u></u>

Financial statements 1 January 2019 – 31 March 2020

Balance sheet

DKK	Note	31/3 2020	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	5	200,000	200,000
Retained earnings		-8,204,397	-5,371,430
Total equity		<u>-8,004,397</u>	<u>-5,171,430</u>
Liabilities			
Non-current liabilities			
Other payables		<u>308,203</u>	<u>0</u>
Current liabilities			
Prepayments received from customers		4,573,736	4,058,437
Trade payables		537,144	1,178,804
Payables to group entities		6,615,726	2,896,145
Other payables		<u>1,169,903</u>	<u>1,686,103</u>
		<u>12,896,509</u>	<u>9,819,489</u>
Total liabilities		<u>13,204,712</u>	<u>9,819,489</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,200,315</u></u>	<u><u>4,648,059</u></u>
Capital contingency	2		
Contractual obligations, contingencies, etc.	6		
Related party disclosures	7		

Financial statements 1 January 2019 – 31 March 2020

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	200,000	-5,371,430	-5,171,430
Transferred over the distribution of loss	0	-2,832,967	-2,832,967
Equity at 31 March 2020	200,000	-8,204,397	-8,004,397

Financial statements 1 January 2019 – 31 March 2020

Notes

1 Accounting policies

The annual report of Speciallægeselskabet Ciconia Århus ApS for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus or minus the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit/loss comprises revenue, costs incurred to achieve revenue for the year and other external expenses.

Revenue

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Expenses for raw materials and consumables

This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January 2019 – 31 March 2020

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of tangible assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is from 1 December 2016 jointly taxed with VivaNeo DK Aps, Stork IVF Klinik A/S and from 8 August 2019 with Impilo ApS. The current Danish corporation tax is allocated in proportion to their taxable income (full absorption with refunds for tax losses). This means that companies with tax losses receive refunds from the other jointly taxed companies.

Financial statements 1 January 2019 – 31 March 2020

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Leasehold improvements, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 January 2019 – 31 March 2020

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to non-deductible items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities

Other liabilities are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprises prepayments received regarding income in subsequent financial years.

Financial statements 1 January 2019 – 31 March 2020

Notes

2 Capital contingency

The Company has lost more than 50% of the share capital and is therefore covered by the rules on capital losses in the Danish Companies Act (Selskabsloven). Management expects that the equity will be reestablished in the coming years by the Company's own earnings.

Speciallægeselskabet Ciconia Århus ApS has received a letter of support from Delivery I Ltd. in which it is confirmed that the parent company will provide the necessary cash until the annual general meeting in 2021 when the annual report for the year ended 31.03.2021 will be approved.

Management therefore submits the financial statements under the going concern assumption.

3 Staff costs

DKK	1/1 2019- 31/3 2020	2018
Wages and salaries	9,741,655	7,986,973
Pensions	940,517	663,664
Other social security costs	39,048	31,115
Other staff costs	273,813	137,814
	<u>10,995,033</u>	<u>8,819,566</u>
Average number of full-time employees	<u>13</u>	<u>14</u>

4 Financial expenses

Interest expense to group entities	159,831	101,445
Capital loss on securities measured at fair value	27,984	11,644
Foreign exchange losses	4,852	1,684
	<u>192,667</u>	<u>114,773</u>

5 Contributed capital

The contributed capital consists of 200 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

Financial statements 1 January 2019 – 31 March 2020

Notes

6 Contractual obligations, contingencies, etc.

The Company is jointly taxed with Impilo ApS (management company), and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes, taxes on dividends and interests.

The Group as a whole is not liable to others.

Operating lease obligations

DKK	1/1 2019- 31/3 2020	2018
Liabilities under rent or lease contracts until expiration.	1,145,469	1,437,019

7 Related party disclosures

Control

Speciallægeselskabet Ciconia Århus ApS is part of the consolidated financial statements of Delivery I Ltd., Institute Of Reproductive Sciences Alec Issigonis Way, Oxford Business Park North, Oxford, England, OX4 2HW, which is the smallest group in which the Company is included as a subsidiary.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

VivaNeo DK ApS
Store Kongensgade 38, 1. th.
DK-1264 Copenhagen