

Stork IVF Klinik A/S

Store Kongensgade 38, 1. th.
1264 København K

CVR no. 33 03 49 11

Annual report 2017

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

18 June 2018

Christoph Sebastian Ahrens
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 – 31 December	7
Income statement	7
Balance sheet	8
Notes	10

Stork IVF Klinik A/S
Annual report 2017
CVR no. 33 03 49 11

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 Stork IVF Klinik A/S for the financial year 1 January – 31 December 2017.

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 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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.

Copenhagen, 18 June 2018
Executive Board:

Maria Hamm
CEO

Board of Directors:

Christoph Sebastian Ahrens
Chairman

Beatrix Cécilie von
Buchwaldt

Maria Hamm



Independent auditor's report

To the shareholder of Stork IVF Klinik A/S

Opinion

We have audited the financial statements of Stork IVF Klinik A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet 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 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Independent auditor's report

- 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, 18 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Jette Kjær Bach
State Authorised
Public Accountant
MNE no. 19812

Stork IVF Klinik A/S
Annual report 2017
CVR no. 33 03 49 11

Management's review

Company details

Stork IVF Klinik A/S
Store Kongensgade 38, 1. th.
1264 København K

CVR no.:	33 03 49 11
Established:	14 June 2010
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Christoph Sebastian Ahrens, Chairman
Beatrix Cäcilie von Buchwaldt
Maria Hamm

Executive Board

Maria Hamm, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 18 June 2018.

Management's review

Operating review

Principal activities

The Company's principal activity is to operate the IVF clinic.

Development in activities and financial position

The income statement of the Company for 2017 shows a profit of DKK 2,415,458, and at 31 December 2017, the balance sheet of the Company shows equity of DKK 12,890,747.

The result for the year is considered satisfactory.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Unusual circumstances

The financial position at 31 December 2017 of the Company and the results of the Company operations for the financial year 2017 have not been affected by any unusual events.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2017	2016
Gross profit		<u>31,231,395</u>	<u>31,881,881</u>
Staff costs	2	-22,789,000	-21,266,797
Depreciation, amortisation and impairment		<u>-5,213,981</u>	<u>-4,889,184</u>
Operating profit		3,228,414	5,725,900
Financial expenses	3	<u>-225,129</u>	<u>-456,898</u>
Profit before tax		3,003,285	5,269,002
Tax on profit for the year	4	<u>-587,827</u>	<u>-1,165,125</u>
Profit for the year		<u><u>2,415,458</u></u>	<u><u>4,103,877</u></u>
Proposed profit appropriation			
Proposed dividends for the year		4,500,000	0
Retained earnings		<u>-2,084,542</u>	<u>4,103,877</u>
		<u><u>2,415,458</u></u>	<u><u>4,103,877</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	5		
Goodwill		<u>20,636,397</u>	<u>24,388,469</u>
		<u>20,636,397</u>	<u>24,388,469</u>
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		5,007,586	2,961,596
Leasehold improvements		<u>368,640</u>	<u>2,280,828</u>
		<u>5,376,226</u>	<u>5,242,424</u>
Investments			
Other receivables		<u>1,022,468</u>	<u>989,823</u>
		<u>1,022,468</u>	<u>989,823</u>
Total fixed assets		<u>27,035,091</u>	<u>30,620,716</u>
Current assets			
Inventories			
Raw materials and consumables		<u>1,030,136</u>	<u>952,870</u>
		<u>1,030,136</u>	<u>952,870</u>
Receivables			
Trade receivables		1,388,676	967,714
Deferred tax asset		72,977	72,977
Prepayments		<u>334,600</u>	<u>421,503</u>
		<u>1,796,253</u>	<u>1,462,194</u>
Cash at bank and in hand		<u>996,978</u>	<u>3,106,820</u>
Total current assets		<u>3,823,367</u>	<u>5,521,884</u>
TOTAL ASSETS		<u><u>30,858,458</u></u>	<u><u>36,142,600</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
	7		
Contributed capital		1,900,000	1,900,000
Proposed dividends for the financial year		4,500,000	0
Retained earnings		<u>6,490,747</u>	<u>8,575,289</u>
Total equity		<u>12,890,747</u>	<u>10,475,289</u>
Provisions			
Provisions for deferred tax		<u>1,948,755</u>	<u>0</u>
Total provisions		<u>1,948,755</u>	<u>0</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		10,575,059	8,549,060
Trade payables		1,545,646	1,457,846
Payables to group entities		987,910	10,500,080
Corporation tax		0	2,291,325
Other payables		<u>2,910,341</u>	<u>2,869,000</u>
		<u>16,018,956</u>	<u>25,667,311</u>
Total liabilities other than provisions		<u>16,018,956</u>	<u>25,667,311</u>
TOTAL EQUITY AND LIABILITIES		<u>30,858,458</u>	<u>36,142,600</u>
Contractual obligations, contingencies, etc.	8		
Related party disclosures	9		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Stork IVF Klinik A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option of specific provisions for reporting class C.

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/less 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.

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

Expenses for raw materials and consumables include the raw materials and consumables used in generation the year's revenue.

Financial statements 1 January – 31 December

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 intangible assets and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit 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 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 jointly taxed with Vivaneo DK ApS and its subsidiaries. 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.

Balance sheet

Intangible assets

Intangible assets are initially measured at cost.

Subsequently, goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life. The estimated useful life is 8 years.

Rights are amortized over the estimated useful life, which is estimated to 5 years.

Gains and losses on the disposal of intangible assets 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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	3-6 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 property, plant and 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.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

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.

Equity

Dividends

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

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 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.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years. Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Provisions

Provisions comprise anticipated costs of deferred tax. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries in which the Group directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

DKK	<u>2017</u>	<u>2016</u>
2 Staff costs		
Wages and salaries	20,723,224	19,374,208
Pensions	1,274,864	1,196,116
Other social security costs	231,942	231,277
Other staff costs	<u>558,970</u>	<u>465,196</u>
	<u>22,789,000</u>	<u>21,266,797</u>
Average number of full-time employees	<u>36</u>	<u>35</u>
3 Financial expenses		
Interest expense to group entities	145,165	396,770
Other financial costs	<u>79,964</u>	<u>60,128</u>
	<u>225,129</u>	<u>456,898</u>
4 Tax on profit for the year		
Current tax for the year	490,952	930,396
Deferred tax for the year	<u>96,875</u>	<u>234,729</u>
	<u>587,827</u>	<u>1,165,125</u>

Financial statements 1 January – 31 December

Notes

5 Intangible assets

DKK	<u>Goodwill</u>
Cost at 1 January 2017	<u>30,016,577</u>
Cost at 31 December 2017	<u>30,016,577</u>
Amortisation and impairment losses at 1 January 2017	-5,628,108
Amortisation for the year	<u>-3,752,072</u>
Amortisation and impairment losses at 31 December 2017	<u>-9,380,180</u>
Carrying amount at 31 December 2017	<u><u>20,636,397</u></u>

6 Property, plant and equipment

DKK	<u>Fixtures and fittings, tools and equipment</u>	<u>Leasehold-improvements</u>
Cost at 1 January 2017	6,063,926	2,905,597
Additions for the year	<u>3,480,277</u>	<u>0</u>
Cost at 31 December 2017	<u>9,544,203</u>	<u>2,905,597</u>
Depreciation and impairment losses at 1 January 2017	-3,102,330	-624,769
Depreciation for the year	<u>-1,434,287</u>	<u>-1,912,188</u>
Depreciation and impairment losses at 31 December 2017	<u>-4,536,617</u>	<u>-2,536,957</u>
Carrying amount at 31 December 2017	<u><u>5,007,586</u></u>	<u><u>368,640</u></u>

7 Equity

DKK	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
Equity at 1 January 2017	1,900,000	8,575,289	0	10,475,289
Distributed dividends	0	0	4,500,000	4,500,000
Transferred over the profit appropriation	<u>0</u>	<u>-2,084,542</u>	<u>0</u>	<u>-2,084,542</u>
Equity at 31 December 2017	<u><u>1,900,000</u></u>	<u><u>6,490,747</u></u>	<u><u>4,500,000</u></u>	<u><u>12,890,747</u></u>

The share capital consists of 1,900 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

Financial statements 1 January – 31 December

Notes

8 Contractual obligations, contingencies, etc.

The Company is jointly taxed with its Parent Company, VivaNeo DK 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 company is co-guarantor of a syndicated loan of EUR 34.4 million to GF Gesundheit GmbH

DKK	2017	2016
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	138,926	111,359
Between 1 and 5 years	139,588	112,839
	<u>278,514</u>	<u>224,198</u>

Interminable rental agreements up to 7 years: DKK 4,670 thousand (2016: DKK 5,561 thousand).

9 Related party disclosures

Control

Final figures for Stork IVF Klinik A/S are included in the consolidated financial statement of VivaNeo Deutschland GmbH.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

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 share capital:

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