
Curasight ApS

Ole Maaløes Vej 3, DK-2200 Copenhagen N

Annual Report for 2017

CVR No 35 24 93 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/5 2018

Lars Trolle
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Curasight ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København N, 30 May 2018

Executive Board

Ulrich Krasilnikoff
CEO

Board of Directors

Lars Trolle
Chairman

Ulf Lennart Rosén

André Klaus Hess

Nicolas Némery

Ulrich Krasilnikoff

Andreas Kjær

Independent Auditor's Report

To the Shareholders of Curasight ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of Curasight ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken 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 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.
- 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.

Independent Auditor's Report

- 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.

Hellerup, 30 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Henrik Y. Jensen
State Authorised Public Accountant
mne35442

Company Information

The Company

Curasight ApS
Ole Maaløes Vej 3
DK-2200 Copenhagen N

Telephone: + 45 27124971
E-mail: uk@curasight.com

CVR No: 35 24 93 89
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Lars Trolle, Chairman
Ulf Lennart Rosén
André Klaus Hess
Nicolas Némery
Ulrich Krasilnikoff
Andreas Kjær

Executive Board

Ulrich Krasilnikoff

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Curasight ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The Company's business activity is to develop a diagnostic technology within nuclear medicine. In the financial year the Company has completed a phase II clinical trial in breast cancer and initiated a new clinical phase IIb study within Prostate Cancer, which strengthening the strategic platform.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 2,406,344 and at 31 December 2017 the balance sheet of the Company shows equity of DKK 19,799,263, which is in accordance to the budget. The management consider the results satisfactory. The company has conducted a planned capital increase of a total value of DKK 14,498,116 in May 2017 (milestone 2 payment) after the approval of the Annual Report according to the current investment agreement.

Research and development activities

The Company does research and development with the purpose of development of novel and innovative diagnostic technologies within nuclear medicine. The Company has already successfully completed a phase II clinical trial at The Danish National University Hospital (Rigshospitalet), in cancer patients with very promising results. Furthermore, six additional phase II clinical trials in other cancer indications are ongoing and sponsored by Academia (Rigshospitalet and University of Copenhagen) with Curasight as collaborator, based on the Company's new product uTRACE®.

Besides the company has inter into a cooperation with Innovationsfonden, Rigshospitalet, University of Copenhagen and FluoGuide in order to develop products guiding surgery that illuminating cancer cells. The technology helps the surgeon to remove the entire tumor during surgery and increase the chance for complete cure of the patient.

Outlook

The Company will complete a phase IIb clinical trial in prostate cancer in Q3 2018. Based on predicted positive outcome, continued product development activities and work towards a phase III registration trial will be initiated, together with development of a go-to-market strategy. The Company expects a negative result for 2018 as planned.

Management's Review

Events subsequent to the financial year

The company has received an US patent notification with issue date 6 February 2018 and patent number 9884131. Besides an EU patent is under issuing.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		-988.287	-1.706.677
Staff expenses	1	-1.512.763	-2.168.556
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-576.778	-154.317
Profit/loss before financial income and expenses		-3.077.828	-4.029.550
Financial income	3	308	0
Financial expenses	4	-15.870	-13.467
Profit/loss before tax		-3.093.390	-4.043.017
Tax on profit/loss for the year	5	687.046	882.226
Net profit/loss for the year		-2.406.344	-3.160.791

Distribution of profit

Proposed distribution of profit

Retained earnings	-2.406.344	-3.160.791
	-2.406.344	-3.160.791

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Completed development projects		0	0
Acquired patents		327.240	864.286
Development projects in progress		16.232.003	12.314.334
Intangible assets	6	16.559.243	13.178.620
Other fixtures and fittings, tools and equipment		337.746	377.478
Property, plant and equipment	7	337.746	377.478
Fixed assets		16.896.989	13.556.098
Other receivables		85.329	172.914
Corporation tax		861.887	2.104.818
Receivables		947.216	2.277.732
Cash at bank and in hand		7.168.032	2.184.428
Currents assets		8.115.248	4.462.160
Assets		25.012.237	18.018.258

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		286.581	180.007
Reserve for development costs		10.541.717	7.485.935
Retained earnings		8.970.965	41.839
Equity	8	19.799.263	7.707.781
Provision for deferred tax	9	1.591.961	1.410.521
Provisions		1.591.961	1.410.521
Trade payables		3.128.022	2.305.261
Payables to owners and Management		0	6.274.931
Other payables		117.991	169.764
Deferred income		375.000	150.000
Short-term debt		3.621.013	8.899.956
Debt		3.621.013	8.899.956
Liabilities and equity		25.012.237	18.018.258
Contingent assets, liabilities and other financial obligations	10		
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Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	180.007	0	7.485.935	41.839	7.707.781
Cash capital increase	106.574	14.391.252	0	0	14.497.826
Development costs for the year	0	0	3.055.782	-3.055.782	0
Net profit/loss for the year	0	0	0	-2.406.344	-2.406.344
Transfer from share premium account	0	-14.391.252	0	14.391.252	0
Equity at 31 December	286.581	0	10.541.717	8.970.965	19.799.263

Notes to the Financial Statements

	2017	2016
	DKK	DKK
1 Staff expenses		
Wages and salaries	2.565.208	2.443.529
Pensions	88.239	148.000
Other social security expenses	9.338	7.698
Other staff expenses	57.478	130.241
	2.720.263	2.729.468
Transfer to development projects	-1.207.500	-560.912
	1.512.763	2.168.556
Average number of employees	4	5
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	37.046	134.450
Depreciation of property, plant and equipment	39.732	19.867
Impairment of intangible assets	500.000	0
	576.778	154.317
3 Financial income		
Exchange adjustments	308	0
	308	0
4 Financial expenses		
Other financial expenses	15.870	13.350
Exchange loss	0	117
	15.870	13.467

Notes to the Financial Statements

	2017	2016
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	-868.486	-2.104.817
Deferred tax for the year	181.440	1.222.591
	-687.046	-882.226

6 Intangible assets

	Completed development projects	Acquired pa- tents	Development projects in progress
	DKK	DKK	DKK
Cost at 1 January	263.400	939.000	12.314.334
Additions for the year	0	0	3.917.669
Cost at 31 December	263.400	939.000	16.232.003
Impairment losses and amortisation at 1 January	263.400	74.714	0
Impairment losses for the year	0	500.000	0
Amortisation for the year	0	37.046	0
Impairment losses and amortisation at 31 December	263.400	611.760	0
Carrying amount at 31 December	0	327.240	16.232.003

The project relates to the development of a new product uTRACE® which is a diagnostic platform for various cancer indications. The project is progressing as planned and is expected to be accomplished in 2019. uTRACE® is expected to be sold to hospitals worldwide for diagnostic purposes of patients with different cancer indications. The company has so far conducted clinical investigations of more than 70 cancer patients, which has shown very positive results and led to the start-up of additional clinical studies in other cancer indications in collaboration with the University Hospital in Copenhagen (Rigshospitalet).

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	397.345
Cost at 31 December	397.345
Impairment losses and depreciation at 1 January	19.867
Depreciation for the year	39.732
Impairment losses and depreciation at 31 December	59.599
Carrying amount at 31 December	337.746

8 Equity

The share capital is broken down as follow:

	Number	Nominal value DKK
A-shares	80.000	80.000
B-shares	39.179	39.179
C-shares	167.402	167.402
		286.581

The share capital has developed as follows:

	2017 DKK	2016 DKK	2015 DKK	2014 DKK	2013 DKK
Share capital at 1 January	180.007	119.179	101.953	80.000	80.000
Capital increase	106.574	60.828	17.226	21.953	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	286.581	180.007	119.179	101.953	80.000

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	DKK	DKK
9 Provision for deferred tax		
Intangible assets	3.643.033	2.899.296
Property, plant and equipment	25.133	17.483
Tax loss carry-forward	<u>-2.076.205</u>	<u>-1.506.258</u>
	<u>1.591.961</u>	<u>1.410.521</u>

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Curasight ApS has assumed renting obligations, which at the balance sheet date amounted to DKK 1.095 in the period of non-terminability.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Curasight ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

11 Accounting Policies (continued)

Income Statement

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Intangible assets comprise uncompleted and completed development projects with related intellectual property rights, acquired intellectual property rights and includes salaries, amortization and other costs directly and indirectly attributable to the Company's development projects.

Notes to the Financial Statements

11 Accounting Policies (continued)

Development projects that are clearly defined and identifiable, where the technical utilization, sufficient resources and a potential future market or development opportunities in the Company can be demonstrated and where the intention is to produce, market or use the project are recognized as intangible assets if there is sufficient certainty that the capital value of future earnings can cover production costs, selling and administrative expenses and development costs.

Development projects that do not meet the criteria for capitalization are recognized as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated depreciation and writedowns or recoverable amount, whichever is lower. An amount equal to the capitalized development costs in the balance held by 1 January 2016 are recognized in the item "reserve for development costs" under equity. The reserve decreased in value due to depreciation.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	10	years
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Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Notes to the Financial Statements

11 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.