
Corporatehealth International ApS

Forskerparken 10 A, DK-5230 Odense M

Annual Report for 1 January - 31 December 2017

CVR No 36 53 96 90

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /6 2018

Mads Spanggaard
Rasmussen
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Practitioner's Statement on Compilation of Financial Statements	2
Company Information	
Company Information	3
Management's Review	4
Financial Statements	
Income Statement 1 January - 31 December	6
Balance Sheet 31 December	7
Statement of Changes in Equity	9
Notes to the Financial Statements	10

Management's Statement

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

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

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.

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

Odense, 6 June 2018

Executive Board

Hagen Roland Wenzek

Christoph Cornelius Glismann

Board of Directors

Mads Spanggard Rasmussen
Chairman

Arndt Oliver Friedrich Welsch-
Lehmann

Christoph Cornelius Glismann

Hagen Roland Wenzek

Practitioner's Statement on Compilation of Financial Statements

To the Management of Corporatehealth International ApS

We have compiled the Financial Statements of Corporatehealth International ApS for the financial year 1 January - 31 December 2017 on the basis of the Enterprise's accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors' Code of Ethics, including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Odense, 6 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Erik Jacobsen

statsautoriseret revisor

mne10086

Company Information

The Company

Corporatehealth International ApS
Forskerparken 10 A
DK-5230 Odense M

CVR No: 36 53 96 90
Financial period: 1 January - 31 December
Municipality of reg. office: Odense

Board of Directors

Mads Spanggard Rasmussen, Chairman
Arndt Oliver Friedrich Welsch-Lehmann
Christoph Cornelius Glismann
Hagen Roland Wenzek

Executive Board

Hagen Roland Wenzek
Christoph Cornelius Glismann

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
DK-5000 Odense C

Management's Review

Financial Statements of CorporateHealth International ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

CorporateHealth International ApS (CHI) provides IT-enabled healthcare services to establish a new, scalable delivery model for optimized gastrointestinal disease investigations. Built upon standard workflows, centralized diagnostics and broadly leveraged IT for process innovation and automation, patients in many cases can be kept out of the classical clinical environment. This decreases costs and enables large scale roll-outs. Eventually, every person with a gastrointestinal disease should have the chance to get diagnosed early and everyone at risk of colorectal cancer (CRC) should be able to get a non-invasive, minimal-risk screening.

Development in the year

The income statement of the Company for 2017 shows a loss of EUR 236,516, and at 31 December 2017 the balance sheet of the Company shows equity of EUR 138,850.

2017 has seen substantial development in the UK. Conclusion of the Scottish Highlands pilot project to establish colon capsule endoscopy services delivered at primary care created high interest from across the NHS Scotland. Multiple small scale proof-of-concepts that extended the initial service were successfully executed and are providing the foundation for large scale roll-out.

In Denmark, CHI supported a dedicated clinical trial to evaluate different booster agents that was successfully conducted in Q2 und Q3. Furthermore, a trial to evaluate medical accuracy of capsule endoscopy services over CT colonography continues at slow pace, with conclusion expected late 2018. In combination with the previous trial, the outcomes of these studies provide a strong foundation for expanding service delivery across the whole country.

Reading services for individual hospitals continue to expand in Scandinavia and see strong opportunities in Benelux. These provide continuous baseline loads for the evaluation team in Hamburg.

The strong interest from government entities in a highly scalable model drives the new development of additional automation capabilities. Using modern methods of Machine Learning will be used to create Artificial Intelligence that can support and later replace parts of the video analysis process. NHS England announced end of 2017 to support a collaborative development effort with Cambridge University Trust and NHS Highland.

To continue expansion across Europe, distribution contracts have been extended, modified or awarded in Germany, Austria, Switzerland, Benelux, and Scandinavia.

Management's Review

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 EUR	2016 EUR
Gross profit/loss		-187.245	-136.678
Staff expenses	1	-64.452	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-26.557	-16.795
Profit/loss before financial income and expenses		-278.254	-153.473
Financial income		1	556
Financial expenses		-24.928	-73.654
Profit/loss before tax		-303.181	-226.571
Tax on profit/loss for the year	2	66.665	49.723
Net profit/loss for the year		-236.516	-176.848

Distribution of profit

Proposed distribution of profit

Retained earnings		-236.516	-176.848
		-236.516	-176.848

Balance Sheet 31 December

Assets

	Note	2017 EUR	2016 EUR
Development projects in progress		1.023.733	760.035
Intangible assets	3	1.023.733	760.035
Other fixtures and fittings, tools and equipment		34.009	60.566
Property, plant and equipment	4	34.009	60.566
Investments in subsidiaries	5	25.000	25.000
Fixed asset investments		25.000	25.000
Fixed assets		1.082.742	845.601
Inventories		0	16.243
Trade receivables		12.879	4.610
Receivables from group enterprises		32.401	0
Other receivables		11.467	23.422
Corporation tax		113.482	168.572
Prepayments		110	110
Receivables		170.339	196.714
Cash at bank and in hand		3.887	10.151
Currents assets		174.226	223.108
Assets		1.256.968	1.068.709

Balance Sheet 31 December

Liabilities and equity

	Note	2017 EUR	2016 EUR
Share capital		9.842	9.644
Reserve for development costs		522.742	0
Retained earnings		-393.734	326.122
Equity		138.850	335.766
Provision for deferred tax		90.831	99.482
Provisions		90.831	99.482
Payables to owners and Management		86.462	78.602
Other payables		910.794	367.244
Long-term debt	6	997.256	445.846
Credit institutions		0	38.361
Other payables	6	30.031	149.254
Short-term debt		30.031	187.615
Debt		1.027.287	633.461
Liabilities and equity		1.256.968	1.068.709
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	9.644	0	0	326.122	335.766
Cash capital increase	198	39.402	0	0	39.600
Development costs for the year	0	0	522.742	-522.742	0
Net profit/loss for the year	0	0	0	-236.516	-236.516
Transfer from share premium account	0	-39.402	0	39.402	0
Equity at 31 December	9.842	0	522.742	-393.734	138.850

Notes to the Financial Statements

	2017 EUR	2016 EUR
1 Staff expenses		
Wages and salaries	64.280	0
Other social security expenses	172	0
	64.452	0
Average number of employees	1	0
2 Tax on profit/loss for the year		
Current tax for the year	-58.014	-89.426
Deferred tax for the year	-8.651	39.703
	-66.665	-49.723
3 Intangible assets		
		Development projects in progress EUR
Cost at 1 January		760.035
Additions for the year		263.698
Cost at 31 December		1.023.733
Carrying amount at 31 December		1.023.733

Notes to the Financial Statements

3 Intangible assets (continued)

The Company is developing IT-enabled service products for video capsule endoscopy.

The first service product built is "Home-Delivered Colon Capsule Endoscopy". Phase 1 was completed successfully to confirm medical accuracy over standard colonoscopy achieving a Technology Readiness Level (TRL) 5. Phase 2 continues development through one completed clinical trial and one ongoing to confirm medical accuracy over standard CT Colonography (est. completion Q3 2018). This will have demonstrated the service product at TRL 6.

A second service product "GP-enabled small bowel video capsule endoscopy" is developed in parallel, leveraging assets from all existing developments. A field trial concluded phase 1 in June 2017 to achieve TRL 5. Phase 2 demonstrated the product in the NHS Scotland environment successfully in December 2017 for TRL 6. Full demonstration in operations commences April 2018 with TRL 7 & 8 expected after 12 months.

To support the services products, new development to enhance the automation of capsule video analysis using Machine Learning has been initiated. A collaborative development project with NHS Scotland, NHS England, Region South Denmark, and University of Barcelona, will lead to strongly enhanced IP for the company. The concept was formulated and proof of concept achieved (TRL 3) before formal kick-off in December 2017. The project is scheduled to run for 3 years until full production capability.

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost at 1 January	79.673
Cost at 31 December	79.673
Impairment losses and depreciation at 1 January	19.107
Depreciation for the year	26.557
Impairment losses and depreciation at 31 December	45.664
Carrying amount at 31 December	34.009

Notes to the Financial Statements

	2017 EUR	2016 EUR
5 Investments in subsidiaries		
Cost at 1 January	25.000	0
Additions for the year	0	25.000
Carrying amount at 31 December	25.000	25.000

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
CorporateHealth Germany GmbH	Hamburg	EUR 25.000	100%
CorporateHealth International UK Ltd	Edinburgh	GBP 1.000	100%

Notes to the Financial Statements

6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2017 EUR	2016 EUR
Payables to owners and Management		
Between 1 and 5 years	86.462	78.602
Long-term part	86.462	78.602
Within 1 year	0	0
	86.462	78.602
Other payables		
After 5 years	218.663	90.451
Between 1 and 5 years	692.131	276.793
Long-term part	910.794	367.244
Within 1 year	26.110	16.487
Other short-term payables	3.921	132.767
Short-term part	30.031	149.254
	940.825	516.498

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has no contingent liabilities as of 31 December 2017

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Corporatehealth International ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in EUR.

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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

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

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

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

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 10 years.

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:

Notes to the Financial Statements

8 Accounting Policies (continued)

Other fixtures and fittings, tools and equipment 3 years

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

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.

Prepayments

Prepayments comprise prepaid expenses concerning subscriptions.

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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