Corporatehealth International ApS

Forskerparken 10 A, DK-5230 Odense M

Annual Report for 1 January - 31 December 2019

CVR No 36 53 96 90

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/8 2020

Mads Spanggard Rasmussen
Chairman of the General Meeting

Contents

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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Odense, 31 August 2020

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 2019 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 IESBA's 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, 31 August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mette Holy Jørgensen	Anders Kronborg Choy
statsautoriseret revisor	statsautoriseret revisor
mne34359	mne44142

pwc

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 Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Management's Review

Financial Statements of Corporatehealth International ApS for 2019 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 rollouts. 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 using capsule endoscopy (CE).

Development in the year

The income statement of the Company for 2019 shows a profit of EUR 105,339, and at 31 December 2019 the balance sheet of the Company shows equity of EUR 264,398.

2019 was dominated by preparation and execution of projects that will have a substantial impact on the future of the company:

- Scottish Capsule Program - ScotCap: Setting up and delivering a managed service for CE across Scotland. After successfully bidding on a tender for an Innovation Partnership contract with the NHS Scotland, the first 'evaluation phase' was kicked-off in June 2019 with patients from 7 sites across the Scottish Northwest. Successfully completing up to 500 patients is the gating criteria to move to a roll-out across all of Scotland in 2H2020. The contract was granted to Medtronic as the lead partner of the consortium and is estimated at GBP 7M over a 3-year period.

- CareForColon 2015 - CFC2015: Creating all procedures and assets needed to deliver on the pivotal clinical trial for bowel cancer screening patients in the Region South of Denmark. Funded in part by the Southern Danish University OPI program, the Danish team got ready to deliver the managed service as soon as patient recruitment start.

- Artificial Intelligence enabled capsule video analysis – AID-GI: First year of a 2-year Innovate UK funded project (with co-funding by CHI and the consortium partners) to develop a commercial prototype that allows CHI to use AI in the support of the capsule pre-reading. The consortium focused on three main workstreams: Preparing data to be used for Machine Learning, developing new approach to train a neural network on video capsule images with limited data sets, and establishing a fully digitized value chain. The result will enable CHI to improve the efficiency of CE video analysis by 50-75% while maintaining or even increasing quality.

CHI was also able to establish a marketing partnership with INTEL through their AI Builders program. This led to the creation of videos and reports for marketing as well as direct support in the form of

Management’s Review

hardware and services to enhance the work on AI development.

To deliver the services for ScotCap, prepare for CFC2015 and develop the AI solution, the CHI team expanded significantly. Especially the Inverness, Scotland, office doubled its staff and will become the central location for growth and development over the coming years.

Subsequent events

We refer to note 3 on the Covid-19 outbreak.

Income Statement 1 January - 31 December

	Note	2019 EUR	2018 EUR
Gross profit/loss		**385.120**	**226.173**
Staff expenses	4	-174.857	-82.378
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-9.764	-24.245
Profit/loss before financial income and expenses		**200.499**	**119.550**
Financial income		0	4.302
Financial expenses		-65.923	-97.988
Profit/loss before tax		**134.576**	**25.864**
Tax on profit/loss for the year	5	-29.237	-5.655
Net profit/loss for the year		**105.339**	**20.209**

Distribution of profit

Proposed distribution of profit

Retained earnings	105.339	20.209
	105.339	**20.209**

Balance Sheet 31 December

Assets

	Note	2019 EUR	2018 EUR
Development projects in progress		1.153.351	1.025.855
Intangible assets	6	**1.153.351**	**1.025.855**
Other fixtures and fittings, tools and equipment		0	9.764
Property, plant and equipment	7	**0**	**9.764**
Investments in subsidiaries	8	26.112	26.112
Fixed asset investments		**26.112**	**26.112**
Fixed assets		**1.179.463**	**1.061.731**
Trade receivables		51.312	7.010
Receivables from group enterprises		458.751	406.638
Other receivables		2.856	12.939
Prepayments		110	110
Receivables		**513.029**	**426.697**
Cash at bank and in hand		**183**	**1.818**
Currents assets		**513.212**	**428.515**
Assets		**1.692.675**	**1.490.246**

Balance Sheet 31 December

Liabilities and equity

	Note	2019 EUR	2018 EUR
Share capital		9.842	9.842
Reserve for development costs		623.844	524.397
Retained earnings		-369.288	-375.180
Equity		**264.398**	**159.059**
Provision for deferred tax		125.723	96.486
Provisions		**125.723**	**96.486**
Payables to owners and Management		164.116	95.108
Other payables		1.054.445	1.067.849
Long-term debt	9	**1.218.561**	**1.162.957**
Other payables	9	83.993	71.744
Short-term debt		**83.993**	**71.744**
Debt		**1.302.554**	**1.234.701**
Liabilities and equity		**1.692.675**	**1.490.246**

Going concern	1
Uncertainty relating to recognition and measurement	2
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Contingent assets, liabilities and other financial obligations	10
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	EUR	EUR	EUR	EUR
Equity at 1 January	9.842	524.397	-375.180	159.059
Development costs for the year	0	99.447	-99.447	0
Net profit/loss for the year	0	0	105.339	105.339
Equity at 31 December	**9.842**	**623.844**	**-369.288**	**264.398**

Notes to the Financial Statements

1 Going concern

The Company's liquidity reserves are limited at 31st December 2019.

There is by nature uncertainty as to whether sufficient financing will be provided. It is management's assessment that needed capital to support operations and ensure the final development of and market entrance for its projects will be provided partly in the form of revenue from patient projects and partly through short term directors' loans.

On the basis of the above, management assesses that the Company is going concern.

2 Uncertainty relating to recognition and measurement

At 31st December 2019 the Company has intangible assets relating to its development projects of kEUR 1,153 and an intercompany receivable with its subsidiary Corporatehealth International UK Ltd. of kEUR 414.

There is uncertainty as to the valuation of the intangible assets and the intercompany receivable. Management has recognized the assets based on expected positive cash flows from its own projects and projects owned by its subsidiary.

3 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019) which will therefore not have any effect on the Financial Statements for 2019 (a non-adjusting event).

Based on the Company’s activities, the Company is not, in Management’s opinion, significantly impacted by COVID-19.

4 Staff expenses

	2019 EUR	2018 EUR
Wages and salaries	171.700	80.929
Other social security expenses	3.157	1.449
	174.857	**82.378**
Average number of employees	**2**	**1**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2019	2018
	EUR	EUR
Current tax for the year	0	0
Deferred tax for the year	29.237	5.655
	29.237	**5.655**

6 Intangible assets

	Development projects in progress
	EUR
Cost at 1 January	1.025.854
Additions for the year	127.497
Cost at 31 December	1.153.351
Carrying amount at 31 December	**1.153.351**

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

The service product "Home-Delivered Colon Capsule Endoscopy" has been developed into a system prototype through the collaborative project with Southern Danish University "CCFC - Commercializing CareForColon". Phase 2 concluded end of 2019 with a demonstration of the prototype at TRL 7 after an extension from the original project end date of 08/2019. Qualification of that prototype and translation into a complete system will be conducted as part of the clinical trial “CareForColon 2015”, which was delayed from 11/2019 to 08/2020. Run time of the trial is 12-18 months bringing the system to TRL 8 end of 2021/early 2022.

Notes to the Financial Statements

7 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	69.909
Depreciation for the year	9.764
Impairment losses and depreciation at 31 December	79.673
Carrying amount at 31 December	**0**

Notes to the Financial Statements

8 Investments in subsidiaries

	2019	2018
	EUR	EUR
Cost at 1 January	26.112	26.112
Carrying amount at 31 December	**26.112**	**26.112**

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

9 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:

	2019	2018
	EUR	EUR
Payables to owners and Management		
After 5 years	164.116	95.108
Long-term part	164.116	95.108
Within 1 year	0	0
	164.116	**95.108**
Other payables		
After 5 years	70.159	350.704
Between 1 and 5 years	984.286	717.145
Long-term part	1.054.445	1.067.849
Within 1 year	66.959	64.823
Other short-term payables	17.034	6.921
Short-term part	83.993	71.744
	1.138.438	**1.139.593**

10 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with lenders:

Floating charge of kDKK 6,000 with security in receivables, inventories, other fixtures and machineries and intangible rights. The booked value of included assets is	1.666.380	1.462.316

Contingent liabilities

The company is part of proceedings regarding a terminated contract, in which a claim of kEUR 195 has been raised against the company. The management and the company's lawyer assess that the probability of an unfavourable outcome is less likely. On this background no provision has been made in relation to the claim.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Corporatehealth International ApS for 2019 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 2019 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

11 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, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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

11 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

Intangible assets

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

Notes to the Financial Statements

11 Accounting Policies (continued)

expected useful lives of the assets, which are:

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.

Notes to the Financial Statements

11 Accounting Policies (continued)

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

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.