

VivaNeo DK ApS

Store Kongensgade 38, 1.th.
1264 København K

CVR no. 36 90 92 93

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

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of VivaNeo DK ApS 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:

Christoph Sebastian Ahrens
CEO

Beatrix Cäcilie von Buchwalt



Independent auditor's report

To the shareholder of VivaNeo DK ApS

Opinion

We have audited the financial statements of VivaNeo DK ApS 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

VivaNeo DK ApS
Annual report 2017
CVR no. 36 90 92 93

Management's review

Company details

VivaNeo DK ApS
Store Kongensgade 38, 1.th.
1264 København K

CVR no.:	36 90 92 93
Established:	29 May 2015
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Executive Board

Christoph Sebastian Ahrens, CEO
Beatrix Cäcilie von Buchwalt

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 act as holding company of Stork IVF Klinik A/S and Speciallægeselskabet Ciconia Århus ApS.

Loss for the year

The Company reported a loss for the year of DKK 1,763,107 compared to a loss of DKK 2,380,150 in 2016. The loss is considered to be in line with the management's expectations.

Equity at 31 December 2017 amounted to a negative DKK 4,727,057 (31 December 2016: DKK -2,963,950). Management expects the equity to be reestablished in the coming years through income from the entity's subsidiaries.

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

In 2017 the Company acquired Speciallægeselskabet Ciconia Århus ApS in order to strengthen the Group's presence in Denmark.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2017	2016
Other external costs		<u>-125,500</u>	<u>-1,221,846</u>
Gross loss		-125,500	-1,221,846
Staff costs		<u>-2,167</u>	<u>0</u>
Operating loss		-127,667	-1,221,846
Financial income	2	191,144	409,088
Financial expenses	3	<u>-1,996,871</u>	<u>-2,047,523</u>
Loss before tax		-1,933,394	-2,860,281
Tax on profit/loss for the year		<u>170,287</u>	<u>480,131</u>
Loss for the year		<u>-1,763,107</u>	<u>-2,380,150</u>
Proposed distribution of loss			
Retained earnings		<u>-1,763,107</u>	<u>-2,380,150</u>
		<u>-1,763,107</u>	<u>-2,380,150</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
ASSETS			
Fixed assets			
Investments	4		
Equity investments in group entities		<u>61,073,462</u>	<u>61,073,462</u>
		<u>61,073,462</u>	<u>61,073,462</u>
Total fixed assets		<u>61,073,462</u>	<u>61,073,462</u>
Current assets			
Receivables			
Receivables from group entities		3,183,019	11,712,398
Deferred tax asset		364,961	674,805
Prepayments		<u>25,000</u>	<u>0</u>
		<u>3,572,980</u>	<u>12,387,203</u>
Cash at bank and in hand		<u>6,512</u>	<u>1,000,355</u>
Total current assets		<u>3,579,492</u>	<u>13,387,558</u>
TOTAL ASSETS		<u><u>64,652,954</u></u>	<u><u>74,461,020</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	5		
Contributed capital		50,000	50,000
Retained earnings		<u>-4,777,057</u>	<u>-3,013,950</u>
Total equity		<u>-4,727,057</u>	<u>-2,963,950</u>
Provisions			
Other provisions		<u>3,279,000</u>	<u>3,279,000</u>
Total provisions		<u>3,279,000</u>	<u>3,279,000</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities		<u>65,943,363</u>	<u>72,178,502</u>
		<u>65,943,363</u>	<u>72,178,502</u>
Current liabilities other than provisions			
Trade payables		0	1,929,969
Other payables		<u>157,648</u>	<u>37,499</u>
		<u>157,648</u>	<u>1,967,468</u>
Total liabilities other than provisions		<u>66,101,011</u>	<u>74,145,970</u>
TOTAL EQUITY AND LIABILITIES		<u>64,652,954</u>	<u>74,461,020</u>
Disclosure of material uncertainties regarding going concern	6		
Contractual obligations, contingencies, etc.	7		
Related party disclosures	8		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of VivaNeo DK ApS 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.

Other external costs

Other external costs include expenses related to administration, bad debts, 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.

Financial income and expenses

Financial income and expenses comprise interest income and expense. Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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

Balance sheet

Equity investments in group entities

Equity investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

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.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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

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

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

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.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

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

Financial statements 1 January – 31 December

Notes

DKK	2017	2016	
2 Financial income			
Income from fixed asset investments	191,144	409,088	
	191,144	409,088	
3 Financial expenses			
DKK	2017	2016	
Interest expense to group entities	1,932,382	1,982,325	
Other financial costs	7,298	0	
Exchange adjustments costs	57,191	65,198	
	1,996,871	2,047,523	
4 Investments			
DKK	2017	2016	
Cost at 1 January 2017	61,073,462	51,136,818	
Additions for the year	0	9,936,644	
Cost at 31 December 2017	61,073,462	61,073,462	
Carrying amount at 31 December 2017	61,073,462	61,073,462	
	Registered office	Voting rights and ownership interest	
Name			
Stork IVF Klinik A/S	Copenhagen	100 %	
Speciallægeselskabet Ciconia Århus ApS	Aarhus	100 %	
5 Equity			
DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2017	50,000	-3,013,950	-2,963,950
Transferred over the distribution of loss	0	-1,763,107	-1,763,107
Equity at 31 December 2017	50,000	-4,777,057	-4,727,057

The contributed capital consists of 500 shares of a nominal value of DKK 100 each.

All shares rank equally.

Financial statements 1 January – 31 December

Notes

6 Disclosure of material uncertainties regarding going concern

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

VivaNeo DK ApS has received a letter of support from the parent company (VivaNeo Deutschland GmbH) in which it is confirmed that the parent company will provide the necessary cash for the Company at least for the next 12 months.

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

7 Contractual obligations, contingencies, etc.

The Company serves as the administrative company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities. The Company is jointly taxed with its Danish subsidiaries, and is jointly and severally liable with the other jointly taxed entities for the payment of taxes on income, dividends and interest.

The Company is co-guarantor of a syndicated loan of EUR 34.4 million to GF Gesundheit GmbH.

8 Related party disclosures

Control

Final figures for VivaNeo DK ApS 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 contributed capital:

VivaNeo Deutschland GmbH
Am Weingarten 25
60487 Frankfurt
Germany