VivaNeo DK ApS

Store Kongensgade 38, 1.th.
1264 København K

CVR no. 36 90 92 93

Annual report 2016

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

31 May 2017

Jens Wiese
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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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, 31 May 2017
Executive Board:

Christian Robert Mayer CEO	Jens Wiese

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 2016 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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.

KPMG

Independent auditor's report

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.

— 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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jacob Lehman
State Authorised
Public Accountant

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

Christian Robert Mayer, CEO
Jens Wiese

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 31 May 2017.

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 2,380,150 compared to loss of DKK 633,800 in 2015. The loss is considered to be in line with the management's expectations.

In 2016 the company acquired Speciallægeselskabet Ciconia Århus Aps 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	1. jan – 31. dec 2016	29. may – 31. dec 2015
Other external costs		-1,221,846	-26,411
Gross loss		-1,221,846	-26,411
Operating loss		-1,221,846	-26,411
Financial income	2	409,088	324,634
Financial expenses	3	-2,047,523	-1,126,697
Loss before tax		-2,860,281	-828,474
Tax on profit/loss for the year		480,131	194,674
Loss for the year		-2,380,150	-633,800

Proposed distribution of loss

Retained earnings	-2,380,150	-633,800
	-2,380,150	-633,800

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Investments	4		
Equity investments in group entities		61,073,462	51,136,818
		61,073,462	51,136,818
Total fixed assets		61,073,462	51,136,818
Current assets			
Receivables			
Receivables from group entities		11,712,398	17,898,811
Deferred tax asset		674,805	0
Corporation tax		0	194,674
		12,387,203	18,093,485
Cash at bank and in hand		1,000,355	23,589
Total current assets		13,387,558	18,117,074
TOTAL ASSETS		74,461,020	69,253,892

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	5		
Share capital		50,000	50,000
Retained earnings		-3,013,950	-633,800
Total equity		-2,963,950	-583,800
Provisions			
Other provisions		3,279,000	0
Total provisions		3,279,000	0
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities		72,178,502	69,837,692
		72,178,502	69,837,692
Current liabilities other than provisions			
Trade payables		1,929,969	0
Other payables		37,499	0
		1,967,468	0
Total liabilities other than provisions		74,145,970	69,837,692
TOTAL EQUITY AND LIABILITIES		74,461,020	69,253,892
Contingent liabilities	6		
Disclosure of material uncertainties regarding going concern	7		
Related party disclosures	8		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of VivaNeo DK ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, dividends from equity investments in subsidiaries recognised at cost are always recognised in the income statement. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary. Previously, cost was reduced to the extent that distributed dividend exceeded accumulated earnings after the acquisition date.

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures.

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

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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

Other external costs

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

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

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

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

2 Financial income

DKK	1. jan – 31. dec 2016	29. may – 31. dec 2015
Interest income from group entities	409,088	324,634
	409,088	324,634

3 Financial expenses

Interest expense to group entities	1,982,325	1,075,251
Foreign exchange losses	65,198	51,446
Other financial expenses	128,000	0
	2,175,523	1,126,697

4 Investments

DKK	Equity investments in group entities
Cost at 1 January	51,136,818
Additions	9,936,644
Cost at 31 December	61,073,462

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK	DKK
Stork IVF Klnik A/S	Copenhagen	100%	10,475,289	4,103,877
Speciallægeselskabet Ciconia Århus ApS	Aarhus	100%	-1,600,225	-1,490,158
			8,875,064	2,613,719

5 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	50,000	-633,800	-583,800
Transferred over the distribution of loss	0	-2,380,150	-2,380,150
Balance at 31 December 2015	50,000	-3,013,950	-2,963,950

Financial statements 1 January – 31 December

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6 Contractual obligations, contingencies, etc.

The Company is jointly taxed with its Danish group entities. The jointly taxed entities have joint and several unlimited liability for Danish income taxes and withholding taxes on dividends, interest and royalties within the group of jointly taxed entities.

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

7 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.

The Company has signed a subordination agreement to the loan agreement with the parent company. Therefore, the parent company will only demand payment under the loan agreement if the payment will not cause the Company to become insolvent. Management therefore submits the financial statements under the going concern assumption.

8 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:
VivaNeo Deutschland GmbH
Am Weingarten 25
60487 Frankfurt
Germany