
Curasight ApS

Ole Maaløes Vej 3, DK-2200 Copenhagen N

Annual Report for 2018

CVR No 35 24 93 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/6 2019

Lars Trolle
Chairman of the General
Meeting



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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 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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, 24 June 2019

Executive Board

Ulrich Krasilnikoff
CEO

Board of Directors

Lars Trolle
Chairman

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 2018, 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 Financial 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.

Independent Auditor's Report

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 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 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.

Independent Auditor's Report

- 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.

Hellerup, 24 June 2019

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

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

Board of Directors

Lars Trolle, Chairman
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 2018 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 2018 shows a loss of DKK 1,048,004 and at 31 December 2018 the balance sheet of the Company shows equity of DKK 18,751,259, which is in accordance to the budget. Management consider the results satisfactory. The company plans to conduct a capital increase after the approval of the Annual Report, that will ensure sufficient liquidity in 2019.

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

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 two 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®.

The company has conducted clinical investigations of more than 300 cancer patients so far, 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).

Besides, the company has entered 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.

Management's Review

Outlook

The Company has completed a phase IIb clinical trial in prostate cancer in Q1 2019. 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 2019 as planned.

Subsequent events

In connection with the broadening of the strategy in order to unfold the full potential within diagnostics and therapy in PET/CT, the management has completed a management buy-out in 2019, which has led to changes in the ownership.

Subsequent the remaining shareholders has committed to ensure the company's capital base and liquidity for 2019.

Apart from this no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		-367.148	-988.287
Staff expenses	3	-862.846	-1.512.763
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-91.384	-576.778
Profit/loss before financial income and expenses		-1.321.378	-3.077.828
Financial income		0	308
Financial expenses		-14.858	-15.870
Profit/loss before tax		-1.336.236	-3.093.390
Tax on profit/loss for the year	5	293.732	687.046
Net profit/loss for the year		-1.042.504	-2.406.344

Distribution of profit

Proposed distribution of profit

Retained earnings		-1.042.504	-2.406.344
		-1.042.504	-2.406.344

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Acquired patents		275.588	327.240
Development projects in progress		18.866.214	16.232.003
Intangible assets	6	19.141.802	16.559.243
Other fixtures and fittings, tools and equipment		298.014	337.746
Property, plant and equipment	7	298.014	337.746
Fixed assets		19.439.816	16.896.989
Other receivables		305.291	85.329
Corporation tax		579.806	861.887
Receivables		885.097	947.216
Cash at bank and in hand		2.596.337	7.168.032
Currents assets		3.481.434	8.115.248
Assets		22.921.250	25.012.237

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		286.581	286.581
Reserve for development costs		12.596.402	10.541.717
Retained earnings		5.873.776	8.970.965
Equity	8	18.756.759	19.799.263
Provision for deferred tax	9	1.877.755	1.591.961
Provisions		1.877.755	1.591.961
Trade payables		1.390.960	3.128.022
Other payables		101.954	117.991
Deferred income		793.822	375.000
Short-term debt		2.286.736	3.621.013
Debt		2.286.736	3.621.013
Liabilities and equity		22.921.250	25.012.237
Capital resources and going concern	1		
Uncertainties related to recognition and measurement	2		
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	286.581	10.541.717	8.970.965	19.799.263
Development costs for the year	0	2.054.685	-2.054.685	0
Net profit/loss for the year	0	0	-1.042.504	-1.042.504
Equity at 31 December	286.581	12.596.402	5.873.776	18.756.759

Notes to the Financial Statements

1 Capital resources and going concern

The company's shareholders have provided letters of support and declared that they will ensure that Curasight ApS has sufficient liquidity so the company is able to fulfill its obligations in due time.

In continuance hereof Management has decided to prepare the Financial Statement under the assumption of going concern.

2 Uncertainties related to recognition and measurement

Due to the nature of the business and uncertainties related to future cashflow there are uncertainties related to the valuation of the intangible assets. The valuation is prepared in accordance with the company's accounting principles based on management's best knowledge and to the best of their belief.

3 Staff expenses

	2018 DKK	2017 DKK
Wages and salaries	805.970	1.357.708
Pensions	48.574	88.239
Other social security expenses	5.158	9.338
Other staff expenses	3.144	57.478
	862.846	1.512.763
Average number of employees	3	4

4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	51.652	37.046
Depreciation of property, plant and equipment	39.732	39.732
Impairment of intangible assets	0	500.000
	91.384	576.778

5 Tax on profit/loss for the year

Current tax for the year	-579.526	-868.486
Deferred tax for the year	285.794	181.440
	-293.732	-687.046

Notes to the Financial Statements

6 Intangible assets

	Acquired pa- tents <u>DKK</u>	Development projects in progress <u>DKK</u>	Total <u>DKK</u>
Cost at 1 January	939.000	16.232.003	17.171.003
Additions for the year	0	2.634.211	2.634.211
Cost at 31 December	<u>939.000</u>	<u>18.866.214</u>	<u>19.805.214</u>
Impairment losses and amortisation at 1 January	611.760	0	611.760
Amortisation for the year	51.652	0	51.652
Impairment losses and amortisation at 31 December	<u>663.412</u>	<u>0</u>	<u>663.412</u>
Carrying amount at 31 December	<u>275.588</u>	<u>18.866.214</u>	<u>19.141.802</u>

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 on the market in 2021. uTRACE® is expected to be sold to hospitals worldwide for diagnostic purposes of patients with different cancer indications.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 January	<u>397.345</u>
Cost at 31 December	<u>397.345</u>
Impairment losses and depreciation at 1 January	59.599
Depreciation for the year	39.732
Impairment losses and depreciation at 31 December	<u>99.331</u>
Carrying amount at 31 December	<u>298.014</u>

Notes to the Financial Statements

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:

	2018 DKK	2017 DKK	2016 DKK	2015 DKK	2014 DKK
Share capital at 1 January	286.581	180.007	119.179	101.953	80.000
Capital increase	0	106.574	60.828	17.226	21.953
Capital decrease	0	0	0	0	0
Share capital at 31 December	286.581	286.581	180.007	119.179	101.953

9 Provision for deferred tax

	2018 DKK	2017 DKK
Intangible assets	4.211.196	3.643.033
Property, plant and equipment	28.684	25.133
Tax loss carry-forward	-2.362.125	-1.506.258
	1.877.755	1.591.961

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Curasight ApS has entered lease agreements where the obligations in the non-terminability period amount to DKK 1.184.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Curasight ApS for 2018 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 2018 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

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 expenses for 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.

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.

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

Notes to the Financial Statements

11 Accounting Policies (continued)

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 13,500 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.

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Ulrich Alexander Krasilnikoff

Adm. direktør

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Ulrich Alexander Krasilnikoff

Bestyrelsesmedlem

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Andreas Kjær

Bestyrelsesmedlem

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Lars Trolle

Bestyrelsesformand

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Henrik Youphasook Jensen

Statsautoriseret revisor

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Jacob Fromm Christiansen

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Lars Trolle

Dirigent

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