

CareCom A/S
Kongevejen 149
2830 Virum
Business Registration No
24242005

Annual report 2017

The Annual General Meeting adopted the annual report on 20.02.2018

Chairman of the General Meeting

Name: Jacob Boye Hansen

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Entity details

Entity

CareCom A/S
Kongevejen 149
2830 Virum

Central Business Registration No (CVR): 24242005

Registered in: Lyngby-Taarbæk

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Claus Flinck, Chairman
Flemming Jack Claus Hansen, Vice Chairman
Jacob Boye Hansen

Executive Board

Jacob Boye Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
PO Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of CareCom A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 20.02.2018

Executive Board

Jacob Boye Hansen

Board of Directors

Claus Flinck
Chairman

Flemming Jack Claus Hansen
Vice Chairman

Jacob Boye Hansen

Independent auditor's reports

To the shareholders of CareCom A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of CareCom A/S for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 20.02.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Claus Jorch Andersen
State-Authorised Public Accountant
Identification No (MNE) 33712

Martin Bødker Ravn
State-Authorised Public Accountant
Identification No (MNE) 40038

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	8.505	7.243	6.385	820	2.382
EBITDA	3.848	3.359	3.020	(1.266)	441
Operating profit/loss	1.923	1.525	1.388	(2.727)	(899)
Net financials	(1.229)	(499)	(125)	(166)	59
Profit/loss for the year	357	644	976	(1.995)	(630)
Total assets	14.272	13.121	11.662	10.074	10.406
Investments in property, plant and equipment	15	185	260	0	0
Equity	7.856	7.499	6.855	5.878	7.873
Investment in development projects	0	1.250	855	1.395	1.109
Ratios					
Equity ratio (%)	55,0	57,2	58,8	58,3	75,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activity consists of development, marketing and sale of software.

Development in activities and finances

Profit for the year amounts to DKK 357 thousand, which Management considers satisfactory. Equity amounts to DKK 7,856 thousand with an equity ratio of 55%.

Without affecting the high investment rate, an EBITDA of DKK 3,848 thousand has been realised, which is very satisfactory. However, a lot of investments are to be made on the US market.

Again, the US subsidiary showed a loss for the year. It is expected that the subsidiary will contribute positively to the Group's earnings as of 2018.

Product development

We have continued to enhance and to strengthen the core part of our main product, HealthTerm. For 2017, this included an upgrade of the frameworks that HealthTerm is built on to the newest versions as well as a rewrite of the old code to make the core parts more efficient. This means that we have reduced our technical debt significantly.

New products

A new set of products to supplement HealthTerm was initiated in 2017. This included CareTerms which is an interface terminology (a large set of synonyms for the international code systems).

Sales

In 2017, we continued to focus on our pipeline build up in the US as, in our experience, these types of sales take between 6 to 18 months in the healthcare sector. We expect to see the benefits from this build-up in 2018 and onwards. In Europe, we concluded a 10-year contract with the Norwegian department of E-Health.

Expectations for 2018

For 2018, Management expects an increased revenue, increased investments (primarily on the US market) and an increased profit compared to 2017. A positive development in revenue and profits is expected to be realised on the US as well as the European market. Also, this development is expected to continue in 2019.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Gross profit		8.505.202	7.243
Staff costs	1	(4.656.581)	(3.884)
Depreciation, amortisation and impairment losses		<u>(1.925.569)</u>	<u>(1.834)</u>
Operating profit/loss		1.923.052	1.525
Income from investments in group enterprises		(825.607)	(698)
Other financial income	2	107.674	326
Other financial expenses	3	<u>(511.207)</u>	<u>(127)</u>
Profit/loss before tax		693.912	1.026
Tax on profit/loss for the year	4	<u>(337.202)</u>	<u>(382)</u>
Profit/loss for the year		<u>356.710</u>	<u>644</u>
Proposed distribution of profit/loss			
Transferred to other reserves		(97.500)	0
Retained earnings		<u>454.210</u>	<u>644</u>
		<u>356.710</u>	<u>644</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Completed development projects		5.293.033	5.822
Development projects in progress		<u>0</u>	<u>1.250</u>
Intangible assets	5	<u>5.293.033</u>	<u>7.072</u>
Other fixtures and fittings, tools and equipment		<u>107.590</u>	<u>239</u>
Property, plant and equipment	6	<u>107.590</u>	<u>239</u>
Investments in group enterprises		36.416	7
Other receivables		<u>222.900</u>	<u>223</u>
Fixed asset investments	7	<u>259.316</u>	<u>230</u>
Fixed assets		<u>5.659.939</u>	<u>7.541</u>
Trade receivables		579.789	2.149
Receivables from group enterprises		2.386.038	2.642
Other receivables		25.922	139
Prepayments		<u>9.883</u>	<u>18</u>
Receivables		<u>3.001.632</u>	<u>4.948</u>
Cash		<u>5.610.492</u>	<u>632</u>
Current assets		<u>8.612.124</u>	<u>5.580</u>
Assets		<u>14.272.063</u>	<u>13.121</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Contributed capital		500.000	500
Reserve for development expenditure		877.500	1.250
Retained earnings		<u>6.478.660</u>	<u>5.749</u>
Equity		<u>7.856.160</u>	<u>7.499</u>
Deferred tax	8	<u>1.132.277</u>	<u>1.537</u>
Provisions		<u>1.132.277</u>	<u>1.537</u>
Prepayments received from customers		22.129	18
Trade payables		137.892	191
Payables to group enterprises		1.515.640	386
Payables to shareholders and management		29.486	31
Joint taxation contribution payable		742.207	478
Other payables		300.310	431
Deferred income		<u>2.535.962</u>	<u>2.550</u>
Current liabilities other than provisions		<u>5.283.626</u>	<u>4.085</u>
Liabilities other than provisions		<u>5.283.626</u>	<u>4.085</u>
Equity and liabilities		<u>14.272.063</u>	<u>13.121</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	1.250.000	5.749.450	7.499.450
Transfer to reserves	0	(275.000)	275.000	0
Profit/loss for the year	0	(97.500)	454.210	356.710
Equity end of year	500.000	877.500	6.478.660	7.856.160

Notes

	2017	2016
	DKK	DKK'000
1. Staff costs		
Wages and salaries	4.153.060	4.581
Pension costs	317.276	351
Other social security costs	60.638	55
Other staff costs	125.607	147
Staff costs classified as assets	0	(1.250)
	4.656.581	3.884
Average number of employees	7	8
	2017	2016
	DKK	DKK'000
2. Other financial income		
Financial income arising from group enterprises	107.674	76
Other interest income	0	1
Exchange rate adjustments	0	249
	107.674	326
	2017	2016
	DKK	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	51.427	13
Other interest expenses	0	107
Exchange rate adjustments	459.780	0
Other financial expenses	0	7
	511.207	127
	2017	2016
	DKK	DKK'000
4. Tax on profit/loss for the year		
Current tax	742.207	487
Change in deferred tax	(405.005)	(105)
	337.202	382

Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
5. Intangible assets		
Cost beginning of year	17.785.738	1.250.000
Transfers	<u>1.250.000</u>	<u>(1.250.000)</u>
Cost end of year	<u>19.035.738</u>	<u>0</u>
Amortisation and impairment losses beginning of year	(11.964.131)	0
Amortisation for the year	<u>(1.778.574)</u>	<u>0</u>
Amortisation and impairment losses end of year	<u>(13.742.705)</u>	<u>0</u>
Carrying amount end of year	<u>5.293.033</u>	<u>0</u>

Development projects

Development projects comprise investments in the Company's primary product, HealthTerm. HealthTerm is essential for the continued operations of the Company and is marketed on the US as well as the Europe market.

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	761.993
Additions	<u>15.199</u>
Cost end of year	<u>777.192</u>
Depreciation and impairment losses beginning of year	(522.607)
Depreciation for the year	<u>(146.995)</u>
Depreciation and impairment losses end of year	<u>(669.602)</u>
Carrying amount end of year	<u>107.590</u>

Notes

	Investment s in group enterprises DKK	Other receivables DKK
7. Fixed asset investments		
Cost beginning of year	705.139	222.900
Additions	<u>855.143</u>	<u>0</u>
Cost end of year	<u>1.560.282</u>	<u>222.900</u>
Revaluations beginning of year	(698.259)	0
Share of profit/loss for the year	<u>(825.607)</u>	<u>0</u>
Revaluations end of year	<u>(1.523.866)</u>	<u>0</u>
Carrying amount end of year	<u>36.416</u>	<u>222.900</u>

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
CareCom US Inc.	Delaware, USA	Inc.	100,0

	2017 DKK	2016 DKK'000
8. Deferred tax		
Intangible assets	1.164.467	1.555
Property, plant and equipment	<u>(32.190)</u>	<u>(18)</u>
	<u>1.132.277</u>	<u>1.537</u>

	2017 DKK	2016 DKK'000
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>597.000</u>	<u>1.440</u>

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where SPIP Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc from the tax year 2013 and subsequent year for the

Notes

jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and transactions in foreign currencies etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and transactions in foreign currencies etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.