

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

Annual report 2018

The Annual General Meeting adopted the annual report on 21.03.2019

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: 01.01.2018 - 31.12.2018

Board of Directors

Claus Flinck
Jacob Boye Hansen
Flemming Jack Claus 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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 21.03.2019

Executive Board

Jacob Boye Hansen

Board of Directors

Claus Flinck

Jacob Boye Hansen

Flemming Jack Claus Hansen

Independent auditor's extended review report

To the shareholders of CareCom A/S

Conclusion

We have performed an extended review of the financial statements of CareCom A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

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

Independent auditor's extended review report

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.

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.

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 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, 21.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Martin Bødker Ravn
State Authorised Public Accountant
Identification No (MNE) mne40038

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	9.964	8.503	7.243	6.385	820
EBITDA	4.916	3.848	3.359	3.020	(1.266)
Operating profit/loss	2.926	1.922	1.525	1.388	(2.727)
Net financials	(457)	(1.229)	(499)	(125)	(166)
Profit/loss for the year	1.819	356	644	976	(1.995)
Total assets	17.084	14.272	13.110	11.653	10.066
Investments in property, plant and equipment	412	15	185	260	0
Equity	9.675	7.857	7.499	6.855	5.878
Investment in development projects	0	0	1.250	855	1.395
Ratios					
Equity ratio (%)	56,6	55,1	57,2	58,8	58,4

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 1,819 thousand, which Management considers satisfactory. Equity amounts to DKK 9,675 thousand with an equity ratio of 56,6%.

Without affecting the high investment rate, an EBITDA of DKK 4,916 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 minor loss for the year. It is expected that the subsidiary will contribute positively to the Group's earnings the coming years

Product development

We have continued to enhance and to strengthen the core part of our main product, HealthTerm. For 2018, this included an upgrade of the frameworks that HealthTerm is built on to the newest versions and an adaption of HealthTerm to new customers.

New products

A new set of products to supplement HealthTerm was initiated in 2018. This included CareTerms which is an interface terminology (a large set of synonyms for the international code systems).

Sales

In 2018, 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 2019 and onwards. Our US subsidiary has in 2018 subscribed for new contracts and several are expected this year. In Europe, we have also signed several contracts, primarily in Scandinavia .

Expectations for 2019

For 2019, Management expects increasing revenue, increasing investments (primarily on the US market) and an increasing profit compared to 2018. 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 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Gross profit		9.964.274	8.503
Staff costs	1	(5.048.081)	(4.655)
Depreciation, amortisation and impairment losses		<u>(1.989.704)</u>	<u>(1.926)</u>
Operating profit/loss		2.926.489	1.922
Income from investments in group enterprises		(473.631)	(826)
Other financial income	2	265.246	108
Other financial expenses	3	<u>(248.717)</u>	<u>(511)</u>
Profit/loss before tax		2.469.387	693
Tax on profit/loss for the year	4	<u>(650.516)</u>	<u>(337)</u>
Profit/loss for the year		<u>1.818.871</u>	<u>356</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.800.000	0
Retained earnings		<u>18.871</u>	<u>356</u>
		<u>1.818.871</u>	<u>356</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Completed development projects		3.389.459	5.293
Intangible assets	5	<u>3.389.459</u>	<u>5.293</u>
Other fixtures and fittings, tools and equipment		88.722	107
Property, plant and equipment	6	<u>88.722</u>	<u>107</u>
Investments in group enterprises		0	36
Other receivables		222.900	223
Fixed asset investments	7	<u>222.900</u>	<u>259</u>
Fixed assets		<u>3.701.081</u>	<u>5.659</u>
Trade receivables		736.260	580
Receivables from group enterprises		5.715.878	2.386
Other receivables		69.856	26
Prepayments		8.574	10
Receivables		<u>6.530.568</u>	<u>3.002</u>
Cash		<u>6.852.843</u>	<u>5.611</u>
Current assets		<u>13.383.411</u>	<u>8.613</u>
Assets		<u>17.084.492</u>	<u>14.272</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		500.000	500
Reserve for development expenditure		780.000	878
Retained earnings		6.595.030	6.479
Proposed dividend		1.800.000	0
Equity		<u>9.675.030</u>	<u>7.857</u>
Deferred tax	8	<u>712.207</u>	<u>1.132</u>
Provisions		<u>712.207</u>	<u>1.132</u>
Prepayments received from customers		22.818	22
Trade payables		105.017	138
Payables to group enterprises		1.592.474	1.516
Payables to shareholders and management		27.882	29
Joint taxation contribution payable		1.070.586	742
Other payables		346.698	301
Deferred income		<u>3.531.780</u>	<u>2.535</u>
Current liabilities other than provisions		<u>6.697.255</u>	<u>5.283</u>
Liabilities other than provisions		<u>6.697.255</u>	<u>5.283</u>
Equity and liabilities		<u>17.084.492</u>	<u>14.272</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	500.000	877.500	6.478.659	0
Dissolution of reserves	0	(97.500)	97.500	0
Profit/loss for the year	0	0	18.871	1.800.000
Equity end of year	500.000	780.000	6.595.030	1.800.000
				Total DKK
Equity beginning of year				7.856.159
Dissolution of reserves				0
Profit/loss for the year				1.818.871
Equity end of year				9.675.030

Notes

	2018	2017
	DKK	DKK'000
1. Staff costs		
Wages and salaries	4.496.575	4.153
Pension costs	270.236	317
Other social security costs	60.321	60
Other staff costs	220.949	125
	5.048.081	4.655
Average number of employees	9	7
	2018	2017
	DKK	DKK'000
2. Other financial income		
Financial income arising from group enterprises	265.246	108
	265.246	108
	2018	2017
	DKK	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	76.835	51
Other interest expenses	2.141	0
Exchange rate adjustments	169.741	460
	248.717	511
	2018	2017
	DKK	DKK'000
4. Tax on profit/loss for the year		
Current tax	1.070.586	742
Change in deferred tax	(420.070)	(405)
	650.516	337

Notes

	Invest- ments in group enterprises DKK	Other receivables DKK
7. Fixed asset investments		
Cost beginning of year	1.560.282	222.900
Additions	245.255	0
Cost end of year	1.805.537	222.900
Revaluations beginning of year	(1.523.866)	0
Exchange rate adjustments	(33.066)	0
Share of profit/loss for the year	(473.631)	0
Investments with negative equity value depreciated over receivables	225.026	0
Revaluations end of year	(1.805.537)	0
Carrying amount end of year	0	222.900

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

	2018 DKK	2017 DKK'000
8. Deferred tax		
Intangible assets	745.681	1.164
Property, plant and equipment	(33.474)	(32)
	712.207	1.132

	2018 DKK	2017 DKK'000
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	222.000	597

Notes

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 for the jointly taxed entities, and 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 state-ments.

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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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

Accounting policies

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.