

# Avaleo ApS

Skagensgade 39, 2.  
Høje Taastrup  
2630 Taastrup

CVR No. 28856466

## Annual Report 2015

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 27 May 2016



Torben Madsen  
Chairman

Avaleo ApS

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**Avaleo ApS**

## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Avaleo ApS for the financial year 1 April 2015 - 31 December 2015.

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 assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 April 2015 - 31 December 2015.

In our opinion, the 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.

Ballerup, 27 May 2016

### **Executive Board**



Mikael Vissing  
Man. Director

### **Board of Directors**



Mette Louise Kaagaard  
Chairman



Jannich Kiholm Lund



Mark Skriver Ostersen Nielsen

Avaleo ApS

## Independent Auditor's Report

To the shareholders of Avaleo ApS

### Report on the Financial Statements

We have audited the Financial Statements of Avaleo ApS for the financial year 1 April 2015 - 31 December 2015 comprising Accounting Policies, Income Statement, Balance Sheet and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of Financial Statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualifications.

### Opinion

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 April 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Ballerup, 27 May 2016

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerskab**  
**CVR-nr. 33771231**

Leif Ulbæk Jensen  
State Authorised Public Accountant



Avaleo ApS

## Company details

<b>Company</b>	Avaleo ApS Skagensgade 39, 2. Høje Taastrup 2630 Taastrup
CVR No.	28856466
Financial year	1 April 2015 - 31 December 2015
<b>Supervisory Board</b>	Mette Louise Kaagaard , Chairman Jannich Kiholm Lund Mark Skriver Ostersen Nielsen
<b>Executive Board</b>	Mikael Vissing , Man. Director Colin Jamie Brammer , Man. Director
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab CVR-no.: 33771231

## Management's Review

### The Company's principal activities

Avaleo provides adaptive case management software to Danish municipalities and regions with a strong focus on social, health and other human services.

From pioneering healthcare software-as-a-service to providing open platform API's to partner service providers, Avaleo has a unique ability to help make life better for organisations and their clients.

Following KMD's acquisition of Avaleo ApS in February 2015, the Financial Year (FY) has been changed to the calendar year. As a consequence, FY 2015 only comprises 9 months from 1 April to 31 December 2015.

### Development in activities and financial matters

The Company's Income Statement of the financial year 01-04-2015 - 31-12-2015 shows a result of DKK 1.172.233 and the Balance Sheet at 31-12-2015 a balance sheet total of DKK 31.434.846 and an equity of DKK 17.917.818.

The operating profit from ordinary activities (EBIT) was a profit of DKK 1.3 million, which is a decrease of DKK 1.4 million compared to the 12 months FY 2014/15. The operating margin was 3.8%. Net profit for FY 2015 amounted to DKK 1.2 million. The outcome is considered satisfactory. Avaleo's revenue for FY 2015 was DKK 34.4 million, which is an increase of 2.2% compared to FY 2014/15.

### Post financial year events

Avaleo ApS expects to continue as a market leading software company within adaptive case management throughout 2016. The company is part of the KMD Group, and will continue to develop and integrate its products and services in collaboration with other operating units of KMD.

### Subsequent events

No significant events have occurred after the end of the financial year that may materially affect the assessment of the financial position of the company at 31 December 2015.

Avaleo ApS

## Accounting Policies

### Reporting Class

The Annual Report of Avaleo ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

### Reporting currency

The Annual Report is presented in Danish kroner.

## General Information

### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## Income Statement

### Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

### Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the principal activity of the Company.

### Cost of Sales

Cost of Sales comprise costs incurred for goods sold during the year, including costs for sales, transport, promotion activities and similar costs as well as amortisation and impairment of intangible and tangible assets.

## Accounting Policies

### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

### Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Completed development projects	5 years
Concessions, patents, licens, trademarks and other similar rights	10 years
Goodwill	5 years
Properties	20-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Land is not amortised.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

### Income from equity investments in group enterprises and associates

Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Balance Sheet

### Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration



## Accounting Policies

costs as well as total development costs.

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs are calculated at the costs directly incurred and a share of the costs attributable to the individual development projects.

### Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

### Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured by the equity method at the proportionately owned share of the equity of the enterprises plus any consolidated goodwill, less intercompany profit and negative goodwill. Enterprises with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

### Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

**Income Statement**

	Note	2015 kr.	2014/15 kr.
Revenue		34.445.794	33.682.753
Cost of sales		-8.445.327	-3.579.085
Other external expenses		-3.342.491	-3.577.357
<b>Gross result</b>		<b>22.657.976</b>	<b>26.526.311</b>
Employee benefits expense	1	-17.289.076	-17.354.337
Depreciation and amortisations		-4.046.072	-6.457.093
<b>Profit from ordinary operating activities</b>		<b>1.322.828</b>	<b>2.714.881</b>
Income from investments in group enterprises and associates		142.069	1.006.884
Finance income	2	805	1.882
Finance expenses	3	-23.170	-308.965
<b>Profit from ordinary activities before tax</b>		<b>1.442.532</b>	<b>3.414.682</b>
Tax expense on ordinary activities	4	-270.299	-490.235
<b>Profit</b>		<b>1.172.233</b>	<b>2.924.447</b>
<b>Proposed distribution of results</b>			
Reserve for net revaluation according to equity method		558.328	1.490.173
Retained earnings		613.905	1.434.274
		<b>1.172.233</b>	<b>2.924.447</b>

## Balance Sheet as of 31. December

	Note	2015 kr.	2014/15 kr.
<b>Assets</b>			
Goodwill	5	13.883	55.544
Development projects in progress	6	14.614.867	18.417.732
<b>Intangible assets</b>		<b>14.628.750</b>	<b>18.473.276</b>
Fixtures, fittings, tools and equipment	7	80.257	192.635
Leasehold improvements	8	454.908	221.876
<b>Property, plant and equipment</b>		<b>535.165</b>	<b>414.511</b>
Long-term investments in group enterprises	9, 10	4.484.090	4.342.021
Deposits, investments		417.567	0
<b>Financial assets</b>		<b>4.901.657</b>	<b>4.342.021</b>
<b>Fixed assets</b>		<b>20.065.572</b>	<b>23.229.808</b>
Short-term trade receivables		5.276.403	3.357.380
Short-term receivables from group enterprises		3.579.185	0
Other short-term receivables	11	35.005	420.406
Deferred income		793.802	91.084
<b>Receivables</b>		<b>9.684.395</b>	<b>3.868.870</b>
<b>Cash and cash equivalents</b>		<b>1.684.879</b>	<b>550</b>
<b>Current assets</b>		<b>11.369.274</b>	<b>3.869.420</b>
<b>Assets</b>		<b>31.434.846</b>	<b>27.099.228</b>

## Balance Sheet as of 31. December

	Note	2015 kr.	2014/15 kr.
<b>Liabilities and equity</b>			
Contributed capital		338.677	338.677
Share premium		8.509.109	8.242.698
Reserve for net revaluation according to equity method		1.707.495	1.707.495
Retained earnings		7.362.537	6.456.715
<b>Equity</b>	12	<b>17.917.818</b>	<b>16.745.585</b>
Provisions for deferred tax		2.056.749	2.327.541
<b>Provisions</b>		<b>2.056.749</b>	<b>2.327.541</b>
Mortgage debt		0	78.674
Debt to banks		47.032	1.982.899
Trade payables		1.315.533	859.143
Payables to group enterprises		1.388.313	0
Tax payables		541.091	0
Other payables		6.182.921	5.105.386
Deferred income, liabilities		1.985.389	0
<b>Short-term liabilities other than provisions</b>		<b>11.460.279</b>	<b>8.026.102</b>
<b>Liabilities other than provisions within the business</b>		<b>11.460.279</b>	<b>8.026.102</b>
<b>Liabilities and equity</b>		<b>31.434.846</b>	<b>27.099.228</b>
Contingent liabilities	13		
Collaterals and assets pledges as security	14		
Related parties	15		

## Notes

	2015	2014/15
<b>1. Employee benefits expense</b>		
Wages and salaries	14.929.564	17.144.868
Pensions	2.035.155	-1.523.718
Social security contributions	324.357	1.733.187
	<b>17.289.076</b>	<b>17.354.337</b>
Average number of employees	28	33
<b>2. Finance income</b>		
Other finance income	805	1.882
	<b>805</b>	<b>1.882</b>
<b>3. Finance expenses</b>		
Other finance expenses	16.756	163.045
Interest group enterprises	0	117.984
Other expenses	6.414	27.936
	<b>23.170</b>	<b>308.965</b>
<b>4. Tax expense</b>		
Current tax	541.091	
Adjustment to deferred tax for the year	-270.792	490.235
	<b>270.299</b>	<b>490.235</b>
<b>5. Goodwill</b>		
Cost at the beginning of the year	4.000.000	4.000.000
<b>Cost at the end of the year</b>	<b>4.000.000</b>	<b>4.000.000</b>
Depreciation and amortisation at the beginning of the year	-3.944.456	-3.277.784
Depreciations for the year	-41.661	-666.672
<b>Impairment losses and amortisation at the end of the year</b>	<b>-3.986.117</b>	<b>-3.944.456</b>
<b>Carrying amount at the end of the year</b>	<b>13.883</b>	<b>55.544</b>
<b>6. Development projects in progress</b>		
Cost at the beginning of the year	43.475.357	37.495.632
Addition during the year	22.000	5.979.725
<b>Cost at the end of the year</b>	<b>43.497.357</b>	<b>43.475.357</b>
Depreciation and amortisation at the beginning of the year	-25.057.625	-19.537.319
Depreciations for the year	-3.824.865	-5.520.306
<b>Impairment losses and amortisation at the end of the year</b>	<b>-28.882.490</b>	<b>-25.057.625</b>
<b>Carrying amount at the end of the year</b>	<b>14.614.867</b>	<b>18.417.732</b>

## Notes

	2015	2014/15
<b>7. Fixtures, fittings, tools and equipment</b>		
Cost at the beginning of the year	1.798.155	1.669.075
Addition during the year		129.080
<b>Cost at the end of the year</b>	<b>1.798.155</b>	<b>1.798.155</b>
Depreciation and amortisation at the beginning of the year	-1.605.520	-1.382.261
Amortisation for the year	-112.378	-223.259
<b>Impairment losses and amortisation at the end of the year</b>	<b>-1.717.898</b>	<b>-1.605.520</b>
<b>Carrying amount at the end of the year</b>	<b>80.257</b>	<b>192.635</b>
<b>8. Leasehold improvements</b>		
Cost at the beginning of the year	297.029	46.040
Addition during the year, incl. improvements	300.199	250.989
<b>Cost at the end of the year</b>	<b>597.228</b>	<b>297.029</b>
Depreciation and amortisation at the beginning of the year	-75.153	-28.297
Amortisation for the year	-67.167	-46.856
<b>Impairment losses and amortisation at the end of the year</b>	<b>-142.320</b>	<b>-75.153</b>
<b>Carrying amount at the end of the year</b>	<b>454.908</b>	<b>221.876</b>
<b>9. Long-term investments in group enterprises</b>		
Cost at the beginning of the year	3.885.082	3.885.082
<b>Cost at the end of the year</b>	<b>3.885.082</b>	<b>3.885.082</b>
Revaluations at the beginning of the year	1.933.681	443.508
Result for the year	558.328	1.490.173
<b>Revaluations at the end of the year</b>	<b>2.492.009</b>	<b>1.933.681</b>
Depreciation and amortisation at the beginning of the year	-1.476.742	-993.453
Depreciations for the year, Goodwill	-416.259	-483.289
<b>Impairment losses and amortisation at the end of the year</b>	<b>-1.893.001</b>	<b>-1.476.742</b>
<b>Carrying amount at the end of the year</b>	<b>4.484.090</b>	<b>4.342.021</b>

**Notes**

**10. Disclosure in long-term investments in group enterprises and associates**

*Group enterprises*

<b>Name</b>	<b>Registered office</b>	<b>Share held in %</b>	<b>Equity</b>	<b>Profit</b>
Dansk Microsoftware A/S	Odense, DK	100,00	2.765.822	558.328
			<b>2.765.822</b>	<b>558.328</b>

**11. Other receivables**

Cost at the beginning of the year	314.055	157.835
Addition during the year, incl. improvements	103.512	156.220
<b>Cost at the end of the year</b>	<b>417.567</b>	<b>314.055</b>
<b>Carrying amount at the end of the year</b>	<b>417.567</b>	<b>314.055</b>

## Notes

### 12. Statement of changes in equity

	Contributed capital	Reserve for net revaluation according to equity method	Retained earnings	Total
Equity, beginning balance	338.677	9.950.193	6.456.715	16.745.585
Net profit/loss for the year		558.328	613.905	1.172.233
	<b>338.677</b>	<b>10.508.521</b>	<b>7.070.620</b>	<b>17.917.818</b>

The Contributed Capital Comprises 338.677 million shares of DKK 1.  
The share capital has remained unchanged for the last 5 years.

### 13. Contingent liabilities

Avaleo has entered into a rental commitment of 599.753 that is due within 1 year.

### 14. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

The shares in AVALEO ApS have been pledged as security for the senior loan agreement in the Keyemde Group.

AVALEO ApS is jointly taxed with the other Danish companies in the AI Keyemde Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

### 15. Related parties

The following shareholder is listed in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital: KMD A/S.

KMD A/S has Domicile in Ballerup, Denmark.

The smallest group in whose consolidated financial statements the Company is included is KMD A/S, while the largest is AI Keyemde ApS.