

Sarita CareTech ApS
Silkeborgvej 691
8220 Brabrand
Business Registration No
37155357

**Annual report 01.04.2017
- 31.03.2018**

The Annual General Meeting adopted the annual report on 21.08.2018

Chairman of the General Meeting

Name: Vagn Abrahamsen

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Entity details

Entity

Sarita CareTech ApS
Silkeborgvej 691
8220 Brabrand

Central Business Registration No (CVR): 37155357

Registered in: Aarhus

Financial year: 01.04.2017 - 31.03.2018

Board of Directors

Vagn Abrahamsen, chairman
Nikolaj Kjær Nielsen
Nicolai Kildegaard

Executive Board

Nikolaj Kjær Nielsen, CEO
Nicolai Kildegaard, CTO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus 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 Sarita CareTech ApS for the financial year 01.04.2017 - 31.03.2018.

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 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018.

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.

Aarhus, 21.08.2018

Executive Board

Nikolaj Kjær Nielsen
CEO

Nicolai Kildegaard
CTO

Board of Directors

Vagn Abrahamsen
chairman

Nikolaj Kjær Nielsen

Nicolai Kildegaard

Independent auditor's reports

To the shareholders of Sarita CareTech ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Sarita CareTech ApS for the financial year 01.04.2017 - 31.03.2018. 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 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018 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.

Aarhus, 21.08.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Rummenhoff
State Authorised Public Accountant
Identification No (MNE) mne34546

Management commentary

Primary activities

The Company's purpose is to develop and sell electronic welfare technology devices and services.

Development in activities and finances

Financial performance for the year shows a loss of DKK 64k against a loss last year of DKK 265k.

Management considers the financial performance for the year to be unsatisfactory, however, as expected.

The Company has lost the entire contributed capital and is subject to the capital provisions of section 119 of the Danish Companies Act concerning the restoration of capital.

Management has already initiated the actions taken and presented a plan for how the contributed capital will be reestablished through the company's future operations.

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.

A capital injection of DKK 2,000k has been completed after the end of the financial year divided into five steps. The first step of DKK 300k has already been recognized in the annual report. The remaining capital of DKK 1,700k will be acquired in the next fiscal year.

During the period between the closure of the accounts and the publication of the annual report, the company has changed from IVS to ApS, why the company's form is not reflected in the contributed capital.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2015/17</u> <u>DKK</u>
Gross profit/loss		241.881	(148.308)
Staff costs	1	(341.559)	(79.630)
Depreciation, amortisation and impairment losses		<u>(2.263)</u>	<u>0</u>
Operating profit/loss		(101.941)	(227.938)
Other financial expenses		<u>(21.067)</u>	<u>(8.663)</u>
Profit/loss before tax		(123.008)	(236.601)
Tax on profit/loss for the year	2	<u>59.099</u>	<u>(28.388)</u>
Profit/loss for the year		<u>(63.909)</u>	<u>(264.989)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(63.909)</u>	<u>(264.989)</u>
		<u>(63.909)</u>	<u>(264.989)</u>

Balance sheet at 31.03.2018

	<u>Notes</u>	<u>2017/18 DKK</u>	<u>2015/17 DKK</u>
Development projects in progress		379.596	0
Intangible assets	3	379.596	0
Other fixtures and fittings, tools and equipment		5.772	0
Leasehold improvements		2.912	0
Property, plant and equipment	4	8.684	0
Fixed assets		388.280	0
Raw materials and consumables		6.169	0
Inventories		6.169	0
Other receivables		200	19.715
Income tax receivable		83.511	0
Prepayments		101.540	0
Receivables		185.251	19.715
Cash		691	100
Current assets		192.111	19.815
Assets		580.391	19.815

Balance sheet at 31.03.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2015/17</u> <u>DKK</u>
Contributed capital		214	100
Reserve for development expenditure		296.085	0
Retained earnings		<u>(624.983)</u>	<u>(264.989)</u>
Equity		<u>(328.684)</u>	<u>(264.889)</u>
Deferred tax		<u>52.800</u>	<u>0</u>
Provisions		<u>52.800</u>	<u>0</u>
Bank loans		336.452	220.050
Convertible and dividend-yielding debt instruments		300.000	0
Payables to shareholders and management		133.954	64.654
Other payables		<u>85.869</u>	<u>0</u>
Current liabilities other than provisions		<u>856.275</u>	<u>284.704</u>
Liabilities other than provisions		<u>856.275</u>	<u>284.704</u>
Equity and liabilities		<u>580.391</u>	<u>19.815</u>

Statement of changes in equity for 2017/18

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	100	0	(264.989)	(264.889)
Increase of capital	114	0	0	114
Transfer to reserves	0	296.085	(296.085)	0
Profit/loss for the year	0	0	(63.909)	(63.909)
Equity end of year	214	296.085	(624.983)	(328.684)

Notes

	2017/18	2015/17
	DKK	DKK
1. Staff costs		
Wages and salaries	314.922	63.834
Other social security costs	25.512	2.584
Other staff costs	1.125	13.212
	341.559	79.630
Average number of employees	5	

	2017/18	2015/17
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	(83.511)	0
Change in deferred tax	52.800	0
Adjustment concerning previous years	(28.388)	28.388
	(59.099)	28.388

	Develop- ment projects in progress DKK
3. Intangible assets	
Additions	379.596
Cost end of year	379.596
Carrying amount end of year	379.596

Development projects

Sarita Pearl

The Sarita Pearl is a personal, wearable call system specifically used in nursing homes and home care services to assist elderly in their everyday life. Actions are currently taken towards preparing the product for a consumer market. The product has been under development for three years, spanning over four revisions.

The company has strategically chosen to manufacture a "light" version of the product in-house to prove its product-market-fit, which has a MRL of 9. Currently the company is developing a version of the physical product that could be produced in larger quantities (mass manufacturing), which has a MRL of 5. The mass manufacturable version of the product at MRL 9 is expected to be ready in Q1-Q2 2019.

Notes

At this time a stable and effective embedded software suite is expected to be ready.

Lighthouse

This is an online configuration and monitoring platform consisting of an App and a Web interface. Both are intended to handle the setup and management of Sarita Pearl and other devices in the future. The system is currently in a stable Beta Level, and expected to be released in final versions in Q3 2018.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
4. Property, plant and equipment		
Additions	7.770	3.177
Cost end of year	7.770	3.177
Depreciation for the year	(1.998)	(265)
Depreciation and impairment losses end of year	(1.998)	(265)
Carrying amount end of year	5.772	2.912

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, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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 property, plant and equipment and intangible assets 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 as well as property, plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand.

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.