



PatientSky Group AS Annual Report 2020

Board of Directors Report

Overview

PatientSky is a technology company founded in 2014. The company is developing eHealth solutions for global healthcare and offers both Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) and Value-Added Services (VAS) solutions to healthcare providers and their patients.

Over the past few years, PatientSky Group has invested significantly in building a revolutionary and innovative cloud data platform, addressing the challenge of securing critical patient data and enabling health professionals and partners to provide new, better, faster and cheaper patient care. Headquartered in Norway, PatientSky Group has a first-mover advantage with its full-service and scalable platform.

Since 2014 the company has grown to become the leading e-health provider in the Nordics. After an initial development phase, commercialization has gained pace in recent years, with careful expansion into new countries and product extensions. In 2020, a new management team headed by Johan Zetterström came on board, and the company was listed on Oslo Børs Euronext Growth.

PatientSky has offices in Oslo (Norway), Kongsberg (Norway), Bergen (Norway), Copenhagen (Danmark) Odense (Danmark) and Helsinki (Finland). PatientSky Group AS is headquartered in Oslo (Norway).

Going concern

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis and that the going concern assumption applies.

Review of the consolidated annual accounts

PatientSky's consolidated operating revenue for 2020 was NOK 139.8 million, up 22 percent compared to NOK 114.8 million in 2019. The increase was mainly driven by growth in PatientSky clinics and licences. Reported operating result (EBITDA) for 2020 amounted to NOK 31.8 million, equivalent to a growth of 82 percent, compared to NOK 17.4 million in 2019.

PatientSky's consolidated net financial income for 2020 was NOK 4.3 million compared to -15.9 million in 2019. This development is related to other financial income from liabilities to former owners of Programvareforlaget AS and Helse IT AS that has been written off as certain earnout clauses were not met. In addition, the net financial income was negatively impacted by costs of issuing equity.

The carrying amount of PatientSky's assets increased by 770.4 million to NOK 1327.7 million in 2020. The increase is mainly related to an increase in cash and cash equivalents and increase in intangible assets such as capitalized R&D costs, Goodwill and Customer relations from the acquisition of Infodoc AS. Non-current assets were NOK 847.3 million where total intangible assets accounted for NOK 832.7 million. Current assets were NOK 480.4 million whereof cash and cash equivalents represented for NOK 428.8 million.

PatientSky's other long-term liabilities for 2020 amounted to NOK 265.6 million compared to NOK 504.9 million in 2019. This is related to loans to former owners of Hove Medical Systems AS and a 4-year senior secured NOK denominated bond with face value of NOK 225 million. PatientSky's equity ratio was 63 percent at the end of 2020, compared to negative 15 percent at the end of 2019.

Net cash outflows from operating activities was NOK 41.6 million for the year, compared to NOK 18.5 million in 2019.

Net cash outflows from investing activities was NOK - 370.7 million for the year, compared to NOK -48.8 million in 2019. The increased investment activity relates mainly to acquisitions of shares in Infodoc AS and Acino AS. Net cash flow from financing activities was NOK 746.8 million in for the year, compared to NOK 14.0 million in 2019. It includes proceeds from issuing new equity of NOK 1182.2 million and non-cash effect from share swap with PS MIPCO AS of NOK -231.8 million.

Review of the parent company's annual accounts

Operating result (EBITDA) of the parent company PatientSky Group AS for 2020 was NOK -1.0 million compared to NOK - 84 ths. in 2019. Net financial income was NOK 8.8 million for 2020. Net profit for 2020 was NOK 6.1 million compared to NOK 2.1 million in 2019. Total equity for the parent company following allocated profit for the year, was NOK 1248 million at the end of 2020.

Net cash flow from operating activities was NOK 19.9 million for the year, compared to NOK -1.3 million in 2019. Net cash flow from financing activities was NOK 383.3 million in for the year, compared to NOK 23.9 million in 2019.

Social responsibility and working environment

PatientSky conducts its business with strong dedication to operate in accordance with responsible, ethical, sustainable and sound business principles. The employees' well-being, health and safety in the workplace are crucial to our success as a business.

PatientSky had 151 employees at the end of 2020. The sickness absence rate in PatientSky was 3.7 percent in 2020 (4.7 percent in 2019). No accidents or injuries occurred during the year.

Impact on external environment

PatientSky's activities do not directly pollute or have any negative effect on the environment. The datacenter capacity currently rented is in jurisdictions predominately operating on renewable energy sources. We will continue to be an advocate of green solutions within our field of business.

Financial risks

PatientSky is exposed to liquidity risks

In order to be able finance its operations and mitigate the effects of fluctuations in cash flows, PatientSky ensures that adequate cash resources (i.e. cash and cash equivalents) are readily available by entering into financing arrangements. In case of a breach of the terms and conditions of such arrangement, a lender may be entitled to withdraw parts or all of its commitment.

Furthermore, if, for any reason or at any time, PatientSky cannot get access to liquidity on commercially acceptable terms or at all, the business, results of operations, financial condition and/or prospects of PatientSky may be materially adversely affected.

PatientSky's insurance may not cover all potential losses and liabilities

PatientSky's insurance coverage may under certain circumstances not protect PatientSky from all potential losses and liabilities that could result from its operations.

The occurrence of a loss or liability against which PatientSky is not fully insured, could reduce its revenues or otherwise impair its ability to meet its financial obligations.

PatientSky is exposed to counterparty risk

PatientSky is exposed to counterparties' ability to fulfil their commitments. If a counterparty is unable to fulfil its obligations and PatientSky is forced to enter into similar arrangements with another counterparty, this may result in an increase in PatientSky's costs.

If one or more of the abovementioned counterparty risks materializes, it could have an adverse effect on PatientSky's business, results of operations, financial condition and/or prospects.

Outbreak of COVID-19

PatientSky's performance can be affected by the global economic conditions in the market in which it operates. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 ("Covid-19"), which was recognized as a pandemic by the World Health Organization in March 2020.

COVID-19 related restrictions did have a material impact on sales and deliveries during the second half of 2020 and remains a potential threat to the pace of new sales and migrations of clinics to the PatientSky platform. However, given the current restrictions and general business outlook, the management team does not expect COVID-19 to have a significant impact on the Group in 2021.

PatientSky's has experienced a significant increased interest in its products and appreciation of its value proposition among healthcare professionals during the pandemic. PatientSky will continue to offer and further develop solutions contributing to increasing the efficiency and flexibility of health professionals, which will both support the healthcare sector through the final stages of the pandemic and into a future where more healthcare time is made available for patient care.


The management team continues to monitor other risk factors and situations, ready to implement mitigating initiatives when and if needed to protect sales, profitability and the reputation of the company.

Outlook 2021

PatientSky has a positive outlook for 2021, with ample strategic and commercial opportunities ahead of us and the Q1 upgrade speed of clinics normalizing after a slower H2 2020. The positive outlook is further supported by the now proven ability to win large strategic customers like Kry and Dr Dropin. 2021 will also be the year PatientSky expands into new types of larger partnerships / JVs, setting company on a clear path towards becoming an international platform company.

The funds entrusted to us by our shareholders has enabled us to accelerate these platform ambitions. The key pillar for this acceleration has been the implementation of a new Business Unit structure where PatientSky will achieve more efficient and focused R&D and commercial efforts per unit (PaaS, SaaS, VAS & App). Consequently, in 2021 we will also continue to build the organization by adding key personnel for both technical and commercial functions within the new business units. The planned investments in the organization and commercial efforts will be partly offset by the realization of synergies in the Norwegian SaaS business and first revenues from the Finnish SaaS business.

14/04/2021 Oslo



Rolf Johan Edvin Zetterström
CEO



Jesper Melin Ganc-Petersen
Chairman of the board



Andreas Egge Torsheim
Boardmember



Kristian Ikast
Boardmember

PATIENTSKY GROUP AS
CONSOLIDATED ANNUAL FINANCIAL STATEMENT 2020

REVENUE STATEMENT

Amounts in NOK	Note	2020	2019
OPERATING INCOME			
Revenue	2	139,777,641	114,804,961
Other operating income		-	-
Total operating income		139,777,641	114,804,961
OPERATING EXPENSES			
Raw materials and consumables used		22,784,095	20,238,526
Payroll expenses	4	74,096,989	59,598,795
Other operating expenses	4, 5	11,073,572	17,499,398
Total operating expenses		107,954,656	97,336,719
OPERATING PROFIT/(LOSS) before Depreciation (EBITDA)		31,822,985	17,468,243
Depreciations and amortisation expense	7	72,991,193	57,376,786
OPERATING PROFIT/(LOSS) (EBIT)		- 41,168,208	- 39,908,543
FINANCIAL INCOME AND EXPENSES			
Interest income	19	779,610	189,460
Other financial income	19,14	27,408,325	107,044
Interest expenses	19	14,404,667	14,564,610
Other financial expenses	19,13	9,429,964	1,716,559
Net financial income and expenses		4,353,304	- 15,984,665
OPERATING RESULT BEFORE TAX		- 36,814,904	- 55,893,209
Tax on ordinary result	6	- 13,354,748	- 10,018,121
ANNUAL NET PROFIT		- 23,460,156	- 45,875,087
Brought forward			
Transferred from other equity	13	- 23,460,156	- 45,875,087
Net brought forward		- 23,460,156	- 45,875,087
Distribution of annual net profit			
Majority share	13	- 23,460,156	- 45,875,087
Minority share	13	-	-
Total		- 23,460,156	- 45,875,087

PATIENTSKY GROUP AS
CONSOLIDATED ANNUAL FINANCIAL STATEMENT 2020

ASSETS

Amounts in NOK	Note	2020	2019
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Research and development	7	177,880,001	127,051,044
Other rights	7	-	-
Customer relations	7	536,803,539	287,537,222
Deferred tax asset	6	-	-
Goodwill	7	118,028,744	63,650,516
Total intangible fixed assets		832,712,284	478,238,781
Tangible fixed assets			
Equipment and other movables	7	12,585,118	16,344,105
Total tangible fixed assets		12,585,118	16,344,105
Financial fixed assets			
Other long-term receivables	8	2,029,406	1,981,603
Total financial fixed assets		2,029,406	1,981,603
Total fixed assets		847,326,808	496,564,490
CURRENT ASSETS			
Inventories		-	-
Debtors			
Accounts receivables	9	45,162,578	37,997,830
Other receivables	10	6,447,590	11,640,015
Total debtors		51,610,168	49,637,845
Cash and bank deposits	11	428,777,120	11,126,035
Total current assets		480,387,288	60,763,880
TOTAL ASSETS		1,327,714,096	557,328,369

PATIENTSKY GROUP AS
CONSOLIDATED ANNUAL FINANCIAL STATEMENT 2020


EQUITY AND LIABILITIES

Amounts in NOK	Note	2020	2019
EQUITY			
Restricted equity			
Share capital	12, 13	27,315,914	12,362,461
Share premium reserve	13	1,167,080,032	517,906
Other paid-in equity	13	714,551	-
Total restricted equity		1,195,110,497	12,880,367
Retained earnings			
Other equity	13	- 353,148,891	98,035,759
Total retained earnings		- 353,148,891	98,035,759
Minority share	13	-	-
Total equity		841,961,606	-85,155,392
LIABILITIES			
Provisions			
Deferred tax	6	82,192,048	39,468,226
Other provisions		187,275	-
Total provisions		82,379,323	39,468,226
Other long-term liabilities			
Long-term liabilities to related parties	14	6,473,074	289,619,325
Bonds	14	209,598,671	-
Liabilitied to financial institutions		-	-
Other long-term liabilities	14	49,500,000	215,310,224
Total of other long-term liabilities		265,571,745	504,929,549
Current liabilities			
Liabilities to financial institutions		-	435,515
Trade creditors		25,112,993	5,101,739
Tax payable	6	-	-
Public duties payable		12,879,310	15,217,945
Current liabilities to related parties	14	-	6,294,741
Other short-term liabilities	15	99,809,119	71,036,046
Total current liabilities		137,801,422	98,085,986
Total liabilities		485,752,490	642,483,761
TOTAL EQUITY AND LIABILITIES		1,327,714,096	557,328,369

14/04/2021
Oslo



Jesper Melin Ganc-Petersen
Chairman of the board



Andreas Egge Torsheim
Boardmember



Kristian Ikast
Boardmember



Rolf Johan Edvin Zetterström
CEO

PATIENTSKY GROUP AS
CONSOLIDATED ANNUAL FINANCIAL STATEMENT 2020

CASH FLOW STATEMENT

Amounts in NOK	Note	2020	2019
Cash flows from operating activities			
Profit/loss before tax		-36,814,904	-55,893,209
Taxation paid	6	-	-205,843
Ordinary depreciation	7	72,991,191	57,376,786
Change in inventory, accounts receivable and accounts payable		12,846,505	6,219,331
Change in other accrual items		-7,475,164	11,026,280
Net cash flows from operating activities		41,547,628	18,523,345
Cash flows from investment activities			
Payments to buy tangible assets	7	-78,467,102	-48,312,704
Payments to buy shares	18	-292,254,779	-531,346
Net cash flows from investment activities		-370,721,881	-48,844,050
Cash flows from financing activities			
Net change in debt to financial institutions		-435,515	402,858
Net change in debt to related parties	14	-6,294,741	43,217,918
Net change in other long-term debt	14	-196,857,804	-29,579,370
Payments of issuing new equity		1,182,230,130	
Share-swap PS Mipco AS without cash effect		-231,816,727	
Net cash flows from financing activities		746,825,343	14,041,406
Net change in cash and cash equivalents		417,651,090	-16,279,301
Cash and bank deposits per 01.01	11	11,126,035	27,405,336
Cash and bank deposits per 31.12	11	428,777,125	11,126,035

Note 1 Accounting Principles

In General

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Consolidation

The group accounts include Patientsky Group AS and companies where has a controlling influence. Controlling influence is normally achieved when the group owns more than 50% of the shares in the company and the group is in a position to exercise actual control over the company. Minority interests are included in the group's equity.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company. When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions, are eliminated.

Subsidiaries are fully consolidated from the date on which control is obtained and until control ceases.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Underlying results can differ from these estimates.

Foreign Currency

Foreign currency transactions are recorded at the exchange rate on the transaction date. Foreign currency receivables and liabilities are converted using the year-end exchange rates. Changes in the carrying amount of such assets due to exchange rate movements between the transaction date and the balance sheet date are recognized as finance items in the income statement.

Revenue Recognition

Income from the sale of goods is recognized on the date of delivery. Services are posted as income as they are delivered over the period of the contract. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs will be posted as revenue. At the time when it is identified that a project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Research and development

Development expenses are capitalized to the extent that one can identify a future economic benefit related to the development of an identifiable intangible asset and where the acquisition cost can be measured reliably. Development related activity that do not meet these criteria are expensed as incurred. Capitalized development expenses is depreciated on a straight line basis over its economic lifetime.

Fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalized and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are off set and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilized.

Goods

Goods are valued at the lower of acquisition cost and net sale value. Sale value is the estimated sale price in ordinary operations after deduction of estimated necessary expenses for completing the sale. Acquisition cost includes expenses incurred in acquiring goods and costs necessary to bring the goods to the present position and are attributed using the FIFO principle.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Pensions

According to Norwegian law employees are mandatory members of the Norwegian Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is a defined contribution plan. The premiums paid are charged to the income statement.

Statement of cash flow

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Currency

The financial statement is presented in NOK.
All amounts are in NOK unless otherwise stated.

Note 2 Operating segments

	2020	2019
Operating segment		
Operating segment Promed	25,470,551	41,474,677
Operating segment PS Clinic	35,034,840	13,934,307
Operating segment System X	73,730,657	59,395,978
Operating segment Infodoc*	5,541,594	-
Total	139,777,642	114,804,961

*Infodoc included revenues for December 2020

Geographical areas		
Norway	139,777,642	114,804,961
Other countries		-
Total	139,777,642	114,804,961

Note 3 Government grants

The SkatteFUNN R&D tax incentive scheme is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. Grants from Skattefunn were received in 2020, 2019 and 2018.

The following grants have been received and recognized

	2020	2019
Patientsky AS	-	6,200,000
Hove Medical Systems AS*	-	3,336,000
Infodoc**	2,613,026	
Sum	2,613,026	9,536,000

Grants in Patientsky AS and Hove Medical Systems AS have been recognized on the Balance Sheet as reduction of capitalized R&D expenses.

Grants in Infodoc AS have been recognized on the Balance Sheet as reduction of capitalized R&D expense and on the Profit and Loss as reduction of personnel expenses.

	2020
Capitalized R&D expenses	1,155,439
Personnel expenses	1,457,587
Sum	2,613,026

*Hove Medical Systems AS was acquired in august 2018.

The amount for 2018 grants is for financial year 2018.

** Infodoc AS was acquired in december 2020.

The amount for 2020 grants is for financial year 2020.

Note 4 Salaries and other personnel expenses

Salaries and personnel expenses	2020	2019
Salaries	83,680,989	68,371,795
Employer's national insurance contributions	9,062,566	9,479,344
Pension expenses	3,168,666	2,768,821
Other personnel expenses	4,461,458	1,615,878
Capitalized R&D costs	- 26,276,690 -	22,637,043
Total salaries and other personnel expenses	74,096,989	59,598,795

FTE number	151*	129
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*FTE number includes 40 FTE in Infodoc AS acquired in December 2020.

Capitalized R&D costs

PS GROUP capitalized R&D costs for developing PatientSky Cloud Platform and related projects in 2019 and 2020. For more information see Note 7

Directors' remunerationPS GROUP AS:

The company has not paid any salary or remuneration to leading personnel or members of the board in 2020.

PS GROUP AS entered option agreement with CEO of PatientSky AS on 20 October 2020.

According to this agreement, CEO of PatientSky AS received 3 600 000 options to acquire shares in the Company during defined vesting periods.

Total estimated value of the option agreement:

	Number of options	Vesting period	Total value
	1,800,000	2 years	4,842,000
	1,800,000	4 years	5,346,000
	3,600,000		10,188,000

The valuation is done by applying Black-Scholes Option Pricing Model with following assumptions:

Strike price	6.71
Stock price per 31.12.20	14.50
Stock price per 23.10.20	9.20
Risk-free interest rate	0.50
Volatility	20 %

Total estimated value of the option agreement is presented as salary costs in PatientSky Group AS' Profit & Loss over the vesting periods. The total of NOK 714.5 thousand is booked in the Profit & Loss for 2020 and as Other paid-in equity on the Balance sheet as per 31.12.2020

The amount is included Employer's national insurance contribution.

Pension planPS GROUP AS:

The company has no employees and is not required to have an occupational pension plan under the Mandatory Occupational Pensions Act.

GROUP:

All employees are members of the defined-contribution pension scheme pursuant to the local regulations.

All employees in Norway are required to have an occupational pension plan in accordance with Norwegian legislation on pensions ("lov om obligatorisk tjenestepensjon").

The Norwegian companies' pension plan meet the requirements of this legislation.

Remuneration to auditor

Remuneration to auditor	2020	2019
Statutory audit	641,546	549,319
*Other certification services	383,853	-
Tax-related advice	22,500	-
Other services	320,500	100,000
Total remuneration to auditor	1,368,399	649,319

Amounts in NOK, excluding VAT

*Other certification services refers to fees for services conducted for capital raising in 2020

Note 5 Other operating expenses

Other operating expenses	2020	2019
Machines and Software systems	8,756,940	11,524,391
Consulting	14,962,827	19,859,815
Office premises costs	9,147,219	14,116,346
Marketing costs	3,135,122	6,485,565
Other operating expenses	6,509,390 -	6,883,397
Capitalized R&D costs	- 31,437,926 -	27,603,321
Total	11,073,572	17,499,398

Capitalized R&D costs

PS GROUP capitalized R&D costs for developing PatientSky Cloud Platform and related projects in 2019 and 2020. For more information, please refer to Note 7.

Note 6 Income tax expense

Specification of income tax expense:	2020	2019
Tax payable	-	-
Adjustment tax payable previous years	-	-
Changes in deferred tax	-13,354,748	-10,018,121
Effect of changes in tax rules	-	-
Tax on profit/(loss)	-13,354,748	-10,018,121
Calculation of taxable income:		
Profit/(loss) before taxes	-36,814,907	-55,893,209
Permanent differences	-31,196,876	-2,539,564
Additions temporary differences acquisitions		
Change in temporary differences	45,582,360	32,276,122
Tax base	-22,429,423	-26,156,651
Specification of temporary differences:		
Fixed assets	14,847,984	20,602,311
Customer relations	510,722,175	257,601,964
Receivables	-13,618,123	-2,955,371
Other current liabilities	4,837,872	-
Temporary differences	516,789,908	275,248,904
Losses carried forward	-147,131,155	-95,847,892
Interest carried forward	-7,567,055	-7,567,055
Not included in deferred tax base	11,449,641	7,567,072
Total	373,541,339	179,401,028
Net deferred benefit/liability	82,179,095	39,468,226

Effective income tax rate:

	2020	2019
Profit/ (Loss) before taxes	-36,814,907	-55,893,209
22 % tax on Profit/(Loss) before taxes	-8,099,280	-12,296,506
Permanent differences and other differences	-3,109,474	-558,704
Effect of deferred tax base not included in the balance sheet	4,026,893	1,872,272
Other differences	24,001	964,818
Effect of changes in tax rates		-
Calculated Income tax expense	-7,157,860	-10,018,120
Effective income tax rate*	19.4 %	17.9 %

*) Income tax expense as % of Profit/(Loss) before tax. Effective tax rate is different from tax rate of 22% due to amortization og Goodwill.

Losses carried forward:

	2020	2019
PatientSky AS	-105,463,745	- 85,067,140
Hove Medical Systems AS	-39,450,140	- 10,780,752
Patientsky Hosting AS	-184,590	
PS Mipco AS	-2,032,680	
Sum:	- 147,131,155	- 95,847,892

Losses may be carried forward indefinitely and set off against future profits.

Losses carried forward are included in the tax base when the Group expect to set it off against future taxable profits.

Note 7 Intangible assets and fixed assets

	Goodwill	Customer relations	R&D costs	Equipment and other fixed assets	Total
2020					
Acquisition cost at 01.01.	77,303,679	348,807,223	135,768,493	42,194,746	604,074,141
Additions subsidiaries	62,547,094	286,539,176	-	-	349,086,270
Additions assets	-	-	70,213,914	8,253,188	78,467,102
Grants	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rate movements	-	-	-	681,624	681,624
Acquisition cost at 31.12.	139,850,773	635,346,399	205,982,407	51,129,558	1,032,309,137
Accumulated depreciation/amortization 31.12.	-	21,822,029	-	38,544,440	187,011,735
Accumulated impairment 31.12.	-	-	-	-	-
Reversed impairment 31.12.	-	-	-	-	-
Carrying amount as at 31.12.	118,028,744	536,803,539	177,880,001	12,585,118	845,297,402
Depreciation/amortization	8,168,866	37,272,859	19,384,958	8,164,508	72,991,190
Impairment	-	-	-	-	-
Reversed impairment	-	-	-	-	-
Useful life	10 years	3-10 years	0-10 years	0-10 years	
Depreciation/amortization plan	Straight-line	Straight-line	Straight-line	Straight-line	
2019					
Acquisition cost at 01.01.	76,757,537	348,807,223	87,892,737	41,842,372	555,299,870
Additions subsidiaries	546,142	-	-	-	546,142
Additions assets	-	-	51,211,756	436,948	51,648,704
Grants	-	-	3,336,000	-	3,336,000
Disposals	-	-	-	-	-
Exchange rate movements	-	-	-	84,574	84,574
Acquisition cost at 31.12.	77,303,679	348,807,223	135,768,493	42,194,746	604,074,141
Accumulated depreciation/amortization 31.12.	-	13,653,164	-	25,850,641	109,491,254
Accumulated impairment 31.12.	-	-	-	-	-
Reversed impairment 31.12.	-	-	-	-	-
Carrying amount as at 31.12.	63,650,516	287,537,222	127,051,044	16,344,105	494,582,887
Depreciation/amortization	7,698,158	35,071,633	5,662,866	8,944,130	57,376,786
Impairment	-	-	-	-	-
Reversed impairment	-	-	-	-	-
Useful life	10 years	3-10 years	0-10 years	0-10 years	
Depreciation/amortization plan	Straight-line	Straight-line	Straight-line	Straight-line	

Research and development

Group has significant activities related to developing PatientSky cloud platform and related technology to facilitate new solutions that enable health professionals and partners to provide improved patient care.

Costs of developing such technology is capitalized in 2020 and 2019.

Group v/PatientSky AS, Hove Medical Systems AS and Infodoc AS received grants from SkatteFUNN in 2019 and 2020. SkatteFunn project to Infodoc AS for 2020 has been approved and the expected amount is shown as Other Receivables on the balance sheet. See note 3 for more details.

The costs include both completed development projects and ongoing development projects. Depreciation of costs starts when the project is finalized.

Development costs include costs covering pay to employees and external resources directly involved in the projects and a share of indirectly related overhead expenses.

Expenses related to maintenance of existing software are recognized in the income statement as they occur.

Goodwill

Goodwill is expected to have useful life of 10 years. Goodwill is related to acquisitions of Infodoc AS, Acino AS, Hove Medical Systems AS and Programvareforlaget AS. Goodwill is initially measured at the acquisition date, as the excess of the aggregate of consideration transferred and the amount recognized over the fair value of the identifiable assets acquired and liabilities assumed in a business combination.

Note 8 Other long-term receivables

Other long-term receivables	2020	2019
Deposits	2,029,406	1,980,122
Other long-term receivables	-	1,481
Total	2,029,406	1,981,603

Note 9 Accounts receivables

Accounts receivables	2020	2019
Accounts receivables	49,095,724	40,652,514
Provisions for losses	- 3,933,147	- 2,654,684
Total	45,162,577	37,997,830

Note 10 Other receivables

Other receivables	2020	2019
Receivables VAT	-	1,030,787
Deposits	-	375,505
Other short term receivables	1,348,199	154,212
Advances on wages and salaries	11,830	90,608
Prepaid rental expenses	584,011	382,056
Other prepaid operating expenses	1,913,408	1,270,846
Receivables SkatteFUNN	2,590,142	8,336,000
Total	6,447,590	11,640,014

Note 11 Cash and cash equivalents

Cash and cash equivalents	2020	2019
Reserved withholding tax	2,968,451	2,640,596
Other reserved cash deposits*	42,500,760	-
Other cash and cash equivalents	383,307,910	8,485,439
Total	428,777,120	11,126,035

Group cash pool

The group holds a cash pool, owned by parent company. Participating companies in the cash pool are PatientSky Group AS together with PatientSky AS, PatientSky Hosting AS, Programvareforlaget AS and Hove Medical Systems AS. The cash pool does not hold any credit facilities, and is solely in NOK.

* Other reserved cash deposits relates to cash reserved for payment to former owners of Hove Medical Systems AS

Note 12 Share capital and shareholder information

The share capital in the company at 31 December 2020 consists of

		NOK	NOK
	Number	Nominal amount	Carrying value
Ordinary shares	198,862,687	0.14	27,315,914

Ownership structure

Largest shareholders as of 31 December 2020:

<u>Name</u>	<u>Shares</u>	<u>Ownership share</u>	<u>Voting share</u>
Codee Holding AS	70,616,140	35.51 %	35.51 %
HCMP AS	18,872,069	9.49 %	9.49 %
SKANDINAVISKA ENSKILDA BANKEN AB	18,036,846	9.07 %	9.07 %
J.P. MORGAN BANK LUXEMBOURG S.A.	12,428,918	6.25 %	6.25 %
LORENZ AS	7,198,829	3.62 %	3.62 %
CITIBANK EUROPE PLC	5,727,245	2.88 %	2.88 %
FD INVT TR:FD SRS INTL SML CP FD	5,508,496	2.77 %	2.77 %
AVANZA BANK AB	4,713,046	2.37 %	2.37 %
KRÜGERCORP HOLDING APS	4,056,799	2.04 %	2.04 %
Other shareholders	51,704,299	26.00 %	26.00 %
Total number of shares	198,862,687.00	100 %	100 %

Shares and options held by employees and CEO:

Chairman, Board of Directors at PatientSky Group AS, Jesper Melin Ganc-Petersen, holds 100% of share in Codee Holding AS, and therefore has indirectly ownership of 35.51% shares Codee Holding AS.

Note 13 Equity

	Share capital	Share premium	Other paid-in equity	Other equity	Minority	Total equity
Equity at 1 January 2020	12,362,461	517,906		-98,035,759	-	85,155,391
Translation differences	-	-		163,749	-	163,749
Profit/ (loss) of the year	-	-		-23,460,156	-	23,460,156
Acquisition minority interest PS MIPCO AS				-231,816,727	-	231,816,727
Other paid-in capital*			714,551			714,551
Capital increase	14,953,453	1,191,284,593				1,206,238,046
Costs of issuing equity**		-31,695,469			-	31,695,469
Deferred tax costs of issuing equity		6,973,003				6,973,003
Equity at 31 December 2020	27,315,914	1,167,080,033	714,551	-353,148,893	-	841,961,606

*Other paid-in capital: related to the option agreement granted to PatientSky Group's CEO. More details in note 4

Total costs of issuing equity	2020
Costs related to IPO new shares booked against Equity**	3,506,782
Costs related to IPO existing shares	5,920,729
Other costs for issuing new shares booked against Equity**	28,188,688
Other costs booked as Other financial expenses	2,103,481
Total costs of issuing equity	39,719,680

**Costs for issuing new shares include financial and legal assistance in carrying out activities related to transactions structure, market valuation, listing and other similar assistance.

Only costs that were necessary to raise new capital are booked against the Equity.

Costs related to contacts with potential investors and listing costs for existing shares are booked as Other financial expenses.

	Share capital	Share premium	Other paid-in equity	Other equity	Minority	Total equity
Equity at 01 January 2019	12,362,461	517,906	0	-52,443,277	-	39,562,910
Translation differences	-	-		282,606	-	282,606
Profit/ (loss) of the year	-	-		-45,875,087	-	45,875,087
Equity at 31 December 2019	12,362,461	517,906	-	-98,035,759	-	85,155,391

Note 14 Other long term liabilities. Long term and short term liabilities to related parties**Other long term liabilities, maturity > 1 year**

Liabilities to related parties - long term	2020	2019
Codee Holding AS	-	260,571,489
HCMP AS	-	29,047,836
Codee Holding AS	6,473,074	
Total liabilities	6,473,074	289,619,325

Liabilities to related parties - short term	2020	2019
Codee Holding AS		6,294,741
Total liabilities	-	6,294,741

Other long term liabilities	2020	2019
Commenda AS	-	23,344,965
Hawk Invest AS	-	26,597,316
Loan to former owners of Programvareforlaget AS og Helse IT AS	-	27,500,000
Loan to former owners of Hove Medical Systems AS	49,500,000	113,954,055
Other long term liabilities	-	23,913,888
Total liabilities	49,500,000	215,310,224

Bonds	2020	2019
Bonds	209,598,671	0
Total bonds	209,598,671	-

Bonds

PatientSky Group AS issued a 4-year senior secured NOK denominated bond on 11 November 2020. The face value of the bond is NOK 225 million. The bond can be extended up to NOK 500 million. There is a requirement of listing the bond on Nordic ABM by the end of May 2021.

Bonds	2020	2019
Bonds payable	- 225,000,000	
Discount on Bonds payable	10,125,000	
Transactions costs	5,659,992	
Amortization Discount on Bonds payable*	- 246,094	
Amortization of Transaction costs*	- 137,569	
Bond per 31.12.2020	- 209,598,671	0

*Discount on Bond payable and Costs related to establishing of the bond are capitalized and amortized as financial expenses over the duration of the loan.

Bonds accrued interest expense	2020	2019
Accrued interest	1,502,813	-
Accrued interest 31.12.2020	1,502,813	-

Financial covenants:

The bond agreement includes following financial covenant related to liquidity of no less than the lower of a) and b) below, where:

- a) is equal to the higher of: i) NOK 22.5 million and
- ii) 10 per cent. of the aggregate Nominal Amount of the Bonds outstanding; and
- b) is NOK 50 million

Liability to former owners of Programvareforlaget AS og Helse IT AS:

Liability to former owners of Programvareforlaget AS and Helse IT AS (NOK 27 500 000) has been written off. The liability was contingent on migrating a minimum percentage of users during the earnouts period. These earnouts have not been triggered.

Liability to former owners of Hove Medical Systems AS:

Liability to former owners of Hove Medical Systems AS (NOK 92 000 000) is contingent on migrating a minimum percentage of users during the 24 months earnouts period.

Liability to former owners av HMS AS	Balance sheet	2020	Payment date:
Earnout 1	Other short term liab	42,500,000	To be settled 17 august 2021
Earnout 2	Other long term liab	42,500,000	To be settled 17 august 2022
Earnout 3	Other long term liab	7,000,000	To be settled 17 august 2022
Total liabilities		92,000,000	

Pledged collateral:

The Group has pledged PatientSky AS's shares in Hove Medical System AS (HMS) in agreement with former owners of HMS AS.

Note 15 Other short-term liabilities

Other short-term liabilities	2020	2019
Loan to former owners of Hove Medical Systems AS	42,500,000	-
Prepayments from customers	23,743,221	35,525,958
Unpaid holiday pay	9,335,134	5,202,065
Liabilities to employees	6,740,048	736,503
Other accrued expenses	14,395,308	
Accrued interest	1,502,813	-
Short term liabilities to previous owners of Hove Medical Systems AS	-	23,823,632
Other short-term liabilities	1,592,599	5,747,889
Total	99,809,123	71,036,046

Note 16 List of subsidiaries

Subsidiary	Parent company	Office	Ownership share/voting share 2020	Ownership share/voting share 2019
PatientSky AS	Patientsky Group AS	Oslo, Norway	100 %	76.0 %
PS MIPCO AS	Patientsky Group AS	Sandane, Norway	100 %	13.6 %
Patientsky Hosting AS	Patientsky AS	Oslo, Norway	100 %	100.0 %
Patientsky Danmark ApS	Patientsky AS	Odense, Danmark	100 %	100.0 %
PatientSky Finland Oy	Patientsky AS	Helsinki, Finland	100 %	0.0 %
Programvareforlaget AS	Patientsky AS	Oslo, Norway	100 %	100.0 %
Hove Medical Systems AS	Patientsky AS	Kongsberg, Norway	100 %	100.0 %
Infodoc AS	Patientsky AS	Bergen, Norway	100 %	0.0 %
Acino AS	Patientsky AS	Bergen, Norway	100 %	0.0 %

Note 17 Mergers and Acquisitions

Acquisition in 2020:

On 3 December 2020 PatientSky AS acquired Infodoc AS and Acino AS for consideration of NOK 293 272 999. The acquisition was financed with cash. Infodoc, founded in 1979, is a leading e-health provider present in Norway and headquartered in Bergen. The company provides electronic health records ("EHR") to general practitioners, specialists and public health centres, and thereby enabling improved efficiency and patient experience. Goodwill arising from the acquisition amounts to NOK 63 038 619.

PatientSky GROUP has increased its ownership share in PS Mipco AS in 2020. PatientSky GROUP owns 100% of PS MIPCO AS per 31 December 2020.

Purchase price allocation of Infodoc AS and Acino AS:

Total purchase price for 100% of shares in Infodoc AS and Acino AS:	293,272,999
Infodoc receivable	6,727,001
Transaction costs	989,797
Total purchase price inc trans costs	294,262,796
Net value of assets	7,723,620
Customer relations	286,539,176
Deferred tax	63,038,619
Goodwill	63,038,619

Pro forma

Infodoc AS	PS GROUP FS	FY 2020
Total operating income	5,541,594	59,476,620
Operating result before tax	1,703,714	5,731,397
Acino AS	PS GROUP FS	FY 2020
Total operating income	0	0
Operating result before tax	- 192,463 -	3,031,388

Note 18 Transactions with related parties**Codee Holding AS, HCMP AS, Hawk Invest AS, Commenda AS**

Overview of transactions with related parties	Loan 31.12.2019	Loan May 2020	Interest 2020
Codee Holding AS	204,303,922	278,850,166	7,064,179
HCMP AS	29,047,836	5,066,288	128,373
Hawk Invest AS	26,597,316	37,896,637	960,020
Commenda AS	23,344,965	41,662,401	1,055,462
Total	283,294,039	363,475,492	9,208,035

	Converted to equity	Payment	Loan 31.12.2020
Codee Holding AS	95,900,000	190,014,345	-
HCMP AS	1,737,500	3,457,161	-
Hawk Invest AS	13,037,500	25,819,157	-
Commenda AS	14,325,000	28,392,863	-
Total	125,000,000	247,683,527	-

	Loan 31.12.2019		Loan 31.12.2020
Codee Holding AS	6,294,741		6,473,074
Total	6,294,741	-	6,473,074

PS MIPCO AS

PS MIPCO AS was 86.4% owned by management and employee investors per 31.12.2019. These shares were transferred to PatientSky Group AS in 2020. Total of 8 541 611 shares were transferred from PS MIPCO AS to PatientSky Group AS for consideration amounted to 231 238 051 NOK.

Note 19 Financial items

	2020	2019
Interest income	779,610	189,460
Other financial income*	27,408,325	107,044
Interest expenses	14,404,667	14,564,610
Other financial expenses**	9,429,964	1,716,559
Net financial income and expenses	4,353,304	- 15,984,665

Interest expenses	2020
Interest expenses Related parties	9,284,771
Accrued Interest expenses Bond	1,502,813
Interest expenses loan YSV Holding AS	2,962,998
Other interest expenses	654,085
Interest expenses	14,404,667

* Other financial income include liability to former owners of Programvareforlaget AS and Helse IT AS (NOK 27 500 000) that has been written off.

** Other financial expenses include NOK 8 024 210 in costs of issuing equity and NOK 383 663 in amortization costs related to the bond. For more details, please refer to Note 13 and Note 14.

Note 20 Events after the balance sheet date

COVID-19

COVID-19 related restrictions did have a material impact on sales and deliveries during the second half of 2020 and remains a potential threat to the pace of new sales and migrations of clinics to the PatientSky platform. However, given the current restriction levels, general business outlook, the management team does not expect COVID-19 to have a significant impact on the Group in 2021.

PatientSky's has experienced a significant increased interest in its products and appreciation of its value proposition among healthcare professionals during the pandemic. PatientSky will continue to offer and further develop solutions contributing to increasing the efficiency and flexibility of health professionals, which will both support the healthcare sector through the final stages of the pandemic and into a future where more healthcare time is made available for patient care.

The management team continues to monitor other risk factors and situations, ready to implement mitigating initiatives as and if needed to protect sales, profitability and the reputation of the company.

PATIENTSKY GROUP AS
ANNUAL FINANCIAL STATEMENT 2020

REVENUE STATEMENT

Amounts in NOK	Note	2020	2019
OPERATING EXPENSES			
Payroll expenses	2	714,551	-
Other operating expenses	2	296,663	84,325
Total operating expenses		1,011,214	84,325
OPERATING PROFIT/(LOSS) before Depreciation (EBITDA)		- 1,011,214	- 84,325
Depreciations and amortisation expense		-	-
OPERATING PROFIT/(LOSS) (EBIT)		- 1,011,214	- 84,325
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries		-	1,687,577
Interest income from group companies	7,10	27,875,965	6,779,773
Other interest income		264,234	-
Other interest expenses	6,10	10,857,159	8,556,306
Other financial expenses	10	8,407,873	-
Net financial income and expenses		8,875,167	- 88,956
OPERATING RESULT BEFORE TAX		7,863,953	- 173,281
Tax on ordinary result	3	1,730,069	- 2,371,765
ANNUAL NET PROFIT		6,133,884	2,198,484
Brought forward			
Allocated to other equity	5	6,133,884	2,198,484
Net brought forward		6,133,884	2,198,484

PATIENTSKY GROUP AS
ANNUAL FINANCIAL STATEMENT 2020

ASSETS

Amounts in NOK	Note	2020	2019
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Deferred tax asset	3	7,614,699	2,371,765
Total intangible fixed assets		7,614,699	2,371,765
Financial fixed assets			
Investment in subsidiaries	9	299,657,172	67,840,444
Loan to group companies	7	762,056,086	273,245,796
Total financial fixed assets		1,061,713,258	341,086,240
Total fixed assets		1,069,327,957	343,458,005
CURRENT ASSETS			
Debtors			
Receivables from group companies	7	46,343,731	50,000
Other short-term receivables		112,000	29,300
Total debtors		46,455,731	79,300
Cash and bank deposits		411,084,914	7,841,089
Total current assets		457,540,645	7,920,389
TOTAL ASSETS		1,526,868,602	351,378,394

PATIENTSKY GROUP AS
ANNUAL FINANCIAL STATEMENT 2020

EQUITY AND LIABILITIES

Amounts in NOK	Note	2020	2019
EQUITY			
Restricted equity			
Share capital	4,5	27,315,914	12,362,461
Share premium reserve	5	1,167,080,032	517,906
Other paid-in equity	5	714,551	-
Total restricted equity		1,195,110,497	12,880,367
Retained earnings			
Other equity	5	53,758,828	47,624,943
Total retained earnings		53,758,828	47,624,943
Total equity		1,248,869,325	60,505,310
LIABILITIES			
Other long-term liabilities			
Long-term liabilities to group companies	7.8	-	204,303,922
Bonds	6	209,598,671	-
Other long-term liabilities	8	-	78,990,117
Total of other long-term liabilities		209,598,671	283,294,039
Current liabilities			
Trade creditors		6,492,825	-
Liabilities to group companies	7	49,315,329	7,579,045
Other current debt	6	12,592,452	-
Total current liabilities		68,400,606	7,579,045
Total liabilities		277,999,277	290,873,084
TOTAL EQUITY AND LIABILITIES		1,526,868,602	351,378,394

14/04/2021

Oslo



Jesper Melin Ganc-Petersen
Chairman of the board



Andreas Egge Torsheim
Boardmember



Kristian Ikast
Boardmember

PATIENTSKY GROUP AS
ANNUAL FINANCIAL STATEMENT 2020

CASH FLOW STATEMENT

Amounts in NOK	Note	2020	2019
Cash flows from operating activities			
Profit/loss before tax		7,863,953	-173,281
Tax-effect on transaction cost for captial increase		-6,973,003	-
Change in accounts receivable and accounts payable		6,492,825	-1,687,557
Change in other accrual items		12,509,752	547,604
Net cash flows from operating activities		19,893,527	-1,313,234
Cash flows from investment activities			
Proceeds from sale of shares in other companies		-	531,346
Payments to buy shares in other companies		-231,816,728	-15,378,479
Share-swap agreement PS Mipco, no cash effect		231,816,728	-
Net cash flows from investment activities		-	-14,847,133
Cash flows from financing acitvites			
Proceeds from the issuance of new long-term liabilities		209,598,671	14,511,836
Repayment of long-term liabilities		-78,990,117	-
Proceeds from equity		950,413,402	-
Net change in debt to group companies		-697,671,659	9,424,976
Net cash flows from financing activities		383,350,297	23,936,812
Net change in cash and cash equivalents		403,243,824	7,776,425
Cash and bank deposits per 01.01		7,841,091	64,666
Cash and bank deposits per 31.12		411,084,914	7,841,091

Note 1 Accounting Principles

In General

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of Estimates

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Costs of issuing equity

Transaction costs defined as incremental costs directly attributable to an equity transaction is accounted for as a deduction from equity. These applies to issuance of shares and result in an increase or decrease of equity. Costs of a stock exchange listing of shares already outstanding and costs related to contact with potential investors is not considered as costs of equity transactions. Such costs are accounted for as Other financial expenses.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Financial liabilities

Bonds Payable is reported on the balance sheet as a liability. Discount on Bond payable and costs related to establishing of the bond are capitalized and amortized as financial expenses over the duration of the loan.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Note 2 Salaries and other personnel expenses

Salaries and personnel expenses	2020	2019
Other benefits	714,551	-
Total salaries and other personnel expenses	714,551	-

The company had no employees in 2020.

Pension liabilities

The company is not liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act.

Directors' remuneration

The company has not paid any salary or remuneration to leading personnel or members of the board in 2020.

PatientSky Group AS entered option agreement with CEO of PatientSky AS on 20 October 2020. According to this agreement, CEO of PatientSky AS received 3 600 000 options to acquire shares in the Company during defined vesting periods.

Total estimated value of the option agreement:

Number of options	Vesting period	Total value
1,800,000	2 years	4,842,000
1,800,000	4 years	5,346,000
3,600,000		10,188,000

The valuation is done by applying Black-Scholes Option Pricing Model with following assumptions:

Strike price	6.7100
Stock price per 31.12.20	14.4980
Stock price per 23.10.20	9.2000
Risk-free interest rate	0.5 %
Volatility	20 %

Total estimated value of the option agreement is presented as salary costs in PatientSky Group AS' Profit & Loss over the vesting periods. The total of NOK 714.5 thousand is booked in the Profit & Loss for 2020 and as Other paid-in equity on the Balance sheet as per 31.12.2020. The amount is included Employer's national insurance contribution.

Remuneration to auditor

Remuneration to auditor	2020	2019
Statutory audit	72,378	37,475
Other services	519,853	15,000
Total remuneration to auditor	592,231	52,475

Amounts in NOK, excluding VAT

Note 3 Income tax expense

Specification of income tax expense:	2020	2019
Tax payable	-	-
Adjustment tax payable previous years	-	-
Changes in deferred tax	1,730,069	-2,371,765
Effect of changes in tax rules	-	-
Tax on profit/(loss)	1,730,069	-2,371,765

Calculation of taxable income:

Profit/(loss) before taxes	7,863,953	-173,281
Permanent differences*	-31,695,469	-1,687,577
Change in temporary differences	-4,837,872	-
Tax base	-28,669,388	-1,860,858

* Accounted for against Equity.

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

Specification of temporary differences:	2,020	2,019
Allocations and more	-714,551	-
Other current liabilities	5,552,423	-
Temporary differences	4,837,872	-
Losses carried forward	-39,450,140	-10,780,752
Cut interest deduction	-3,859,249	-3,859,249
Not included in deferred tax base**	3,859,249	3,859,249
Total	-34,612,268	-10,780,752
Net deferred benefit/liability	-7,614,699	-2,371,765

Effective income tax rate:

	2020	2019
Profit/ (Loss) before taxes	7,863,953	-173,281
22 % tax on Profit/(Loss) before taxes	1,730,070	-38,122
Tax effect of permanent differences*	-6,973,003	-371,267
Calculated Income tax expense	-5,242,933	-409,389

* Accounted for against Equity.

Effective income tax rate***	-66.7 %	236.3 %
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***Income tax expense as % of Profit/(Loss) before tax. Effective tax rate is different from tax rate of 22% due to tax effect of permanent differences.

Note 4 Share capital and shareholder information

The share capital in the company at 31 December 2020 consists of

		NOK	NOK
	Number	Nominal amount	Carrying value
Ordinary shares	198,862,687	0.14	27,315,914

Ownership structure

Largest shareholders as of 31 December 2020:

<u>Name</u>	<u>Shares</u>	<u>Ownership share</u>	<u>Voting share</u>
Codee Holding AS	70,616,140	35.51 %	35.51 %
HCMP AS	18,872,069	9.49 %	9.49 %
SKANDINAVISKA ENSKILDA BANKEN AB	18,036,846	9.07 %	9.07 %
J.P. MORGAN BANK LUXEMBOURG S.A.	12,428,918	6.25 %	6.25 %
LORENZ AS	7,198,829	3.62 %	3.62 %
CITIBANK EUROPE PLC	5,727,245	2.88 %	2.88 %
FD INVT TR:FD SRS INTL SML CP FD	5,508,496	2.77 %	2.77 %
AVANZA BANK AB	4,713,046	2.37 %	2.37 %
KRÜGERCORP HOLDING APS	4,056,799	2.04 %	2.04 %
Other shareholders	51,704,299	26.00 %	26.00 %
Total number of shares	198,862,687.00	100 %	100 %

Shares and options held by employees and CEO:

Chairman, Board of Directors at PatientSky Group AS, Jesper Melin Ganc-Petersen, holds 100% of share in Codee Holding AS, and therefore has indirectly ownership of 35.51% shares Codee Holding AS.

Note 5 Equity

	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2020	12,362,461	517,906		47,624,943	60,505,310
Profit/ (loss) of the year	-	-		6,133,884	6,133,884
Other paid-in capital*			714,551		714,551
Capital increase	14,953,453	1,191,284,593			1,206,238,046
Costs of issuing equity**		-31,695,469		-	31,695,469
Deferred tax costs of issuing equity		6,973,003			6,973,003
Equity at 31 December 2020	27,315,914	1,167,080,032	714,551	53,758,827	1,248,869,325

*Other paid-in capital: related to the option agreement granted to PatientSky Group's CEO. More details in note 1.

Total costs of issuing equity	2020
Costs related to IPO new shares booked against Equity**	3,506,782
Costs related to IPO existing shares	5,920,729
Other costs for issuing new shares booked against Equity**	28,188,688
Other costs booked as Other financial expenses	2,103,481
Total costs of issuing equity	39,719,680

**Costs for issuing new shares include financial and legal assistance in carrying out activities related to transactions structure, market valuation, listing and other similar assistance.

Only costs that were necessary to raise new capital are booked against the Equity.

Costs related to contacts with potential investors and listing costs for existing shares are booked as Other financial expenses.

Note 6 Bonds

Bonds	2020	2019
Bonds	209,598,671	0
Total bonds	209,598,671	-

Bonds

PatientSky Group AS issued a 4-year senior secured NOK denominated bond on 11 November 2020. The face value of the bond is NOK 225 million. The bond can be extended up to NOK 500 million. There is a requirement of listing the bond on Nordic ABM by the end of May 2021.

Bonds		2020	2019
Bonds payable	-	225,000,000	
Discount on Bonds payable		10,125,000	
Transactions costs		5,659,992	
Amortization Discount on Bonds payable*	-	246,094	
Amortization of Transaction costs*	-	137,569	
Bond per 31.12.2020	-	209,598,671	0

*Discount on Bond payable and Costs related to establishing of the bond are capitalized and amortized as financial expenses over the duration of the loan.

Bonds accrued interest expense	2020	2019
Accrued interest	1,502,813	-
Accrued interest 31.12.2020	1,502,813	-

Financial covenants:

The bond agreement includes following financial covenant related to liquidity of no less than the lower of a) and b) below, where:

- a) is equal to the higher of: i) NOK 22.5 million and
- ii) 10 per cent. of the aggregate Nominal Amount of the Bonds outstanding; and
- b) is NOK 50 million

Note 7 Inter-company items between companies in the same group

Long-term loans to group companies	2020	2019
PatientSky AS	745,031,749	257,285,128
PS Mipco AS	17,024,337	15,960,668
Total long-term loans to group companies	762,056,086	273,245,796

Short-term receivables to group companies	2020	2019
PatientSky Hosting AS	50,000	50,000
PatientSky AS	212,279	-
PatientSky AS (group account scheme)	46,081,452	-
Total short-term receivables to group companies	46,343,731	50,000

Short-term debt to group companies	2020	2019
PatientSky AS	255,610	-
PatientSky Danmark ApS	-	26,225
Debt related to group account scheme	49,059,719	6,990,911
Total short-term debt to group companies	49,315,329	7,017,136

The information represents the group companies as of 31 December 2020. Codee Holding AS is not a part of group companies in 2020.

Inter-company accrued interest income	2020	2019
Accrued income on loans to PatientSky AS	26,838,521	-
Accrued income on loans to PS Mipco AS	1,037,444	-
Total long-term loans to group companies	27,875,965	-

Note 8 Other long-term liabilities and related parties

Other long-term liabilities

	Loan 31.12.2019	Loan May 2020	Interest 2020
HCMP AS	29,047,836	5,066,288	128,373
Hawk Invest AS	26,597,316	37,896,637	960,020
Commenda AS	23,344,965	41,662,401	1,055,462
Total	78,990,117	84,625,326	2,143,855

<i>continued</i>	Converted to equity	Payment	Loan 31.12.2020
HCMP AS	1,737,500	3,457,161	-
Hawk Invest AS	13,037,500	25,819,157	-
Commenda AS	14,325,000	28,392,863	-
Total	29,100,000	57,669,181	-

Transactions with related parties

	Loan 31.12.2019	Loan May 2020	Interest 2020
Codee Holding AS	204,865,831	278,850,166	7,064,179
Total	204,865,831	278,850,166	7,064,179

<i>continued</i>	Converted to equity	Payment	Loan 31.12.2020
Codee Holding AS	95,900,000	190,014,345	-
Total	95,900,000	190,014,345	-

Note 9 List of subsidiaries

Subsidiary	Office	Ownership share/voting share 2020	100 percent equity	100 percent result
PatientSky AS*	Oslo, Norway	74 % -	89,306,962 -	34,889,926
PS MIPCO AS	Sandane, Norway	100 %	8,907,319 -	1,054,123
Total		-	80,399,643 -	35,944,049

*The company owns 74% of PatientSky AS directly and 26% through PS MIPCO AS.

The company has issued a financing guarantee to PatientSky AS and PatientSky Hosting AS for the next 12 months after the date of signing the accounts.

Note 10 Financial items

Interest income group companies	2020	2019
Interest income on loan to PatientSky AS	26,838,521	5,909,101
Interest income on loan to PS Mipco AS	1,037,444	870,672
Total interest income group companies	27,875,965	6,779,773

Other financial expenses	2020	2019
Costs of issuing equity	8,024,210	-
Bond amortization costs	383,663	-
Total other financial expenses	8,407,873	-

Other interest expenses	2020	2019
Interest expenses related parties	9,284,771	8,556,306
Interest expenses Bond	1,502,813	-
Other interest expenses	69,574	-
Total other financial expenses	10,857,158	8,556,306

Note 11 Events after the balance sheet date**COVID-19**

COVID-19 related restrictions did have a material impact on sales and deliveries during the second half of 2020 and remains a potential threat to the pace of new sales and migrations of clinics to the PatientSky platform. However, given the current restriction levels, general business outlook, the management team does not expected COVID-19 to have a significant impact on the Group in 2021.

PatientSky's has experienced a significant increased interest in its products and appreciation of its value proposition among healthcare professionals during the pandemic. PatientSky will continue to offer and further develop solutions contributing to increasing the efficiency and flexibility of health professionals, which will both support the healthcare sector through the final stages of the pandemic and into a future where more healthcare time is made available for patient care.

The management team continues to monitor other risk factors and situations, ready to implement mitigating initiatives as and if needed to protect sales, profitability and the reputation of the company.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Patientsky Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Patientsky Group AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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, 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 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism 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;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE)

3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, April 14th 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Ina K. Rosenberg
State Authorised Public Accountant (Norway)

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Ina Kathrin Rosenberg

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5999-4-1804114

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