European Lifecare Group A/S

Gladsaxevej 376, 1., DK-2860 Søborg

Annual Report for 1 January - 31 December 2017

CVR No 10 10 46 53

The Annual Report was presented and adopted at the Annual General Meeting of the Company on
/ 2018

Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of European Lifecare Group A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

In our opinion, 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.

Søborg,

Executive Board

Andrew Stenholm Paulsen
CEO

Board of Directors

Karsten Østergaard Chairman	Thorbjörn Graarud Deputy Chairman	John Enok Mandrup Madsen

Keld Østergaard

Independent Auditor's Report

Provided that no significant information or changes are brought forward during the consideration of this draft Annual Report, we will provide the final Annual Report with the following auditor´s report:

To the Shareholders of European Lifecare Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of European Lifecare Group A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in

Independent Auditor's Report

accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 in preparing the Financial Statements unless Management either intends to liquidate the Group or 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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 and the Group'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 in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the

Independent Auditor's Report

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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Hellerup,
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Steffen Kaj Pedersen
State Authorised Public Accountant
mne34357

Company Information

The Company	European Lifecare Group A/S Gladsaxevej 376, 1. DK-2860 Søborg
	CVR No: 10 10 46 53 Financial period: 1 January - 31 December Financial year: 16th financial year Municipality of reg. office: Gladsaxe
Board of Directors	Karsten Østergaard, Chairman Thorbjörn Graarud John Enok Mandrup Madsen Keld Østergaard
Executive Board	Andrew Stenholm Paulsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a three-year period, the development of the Group is described by the following financial highlights:

	Group		
	2017	2016	2015
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	119,416	89,526	70,811
Operating profit/loss	15,293	6,025	-751
Profit/loss before financial income and expenses	12,770	6,443	-570
Net financials	-1,307	-1,011	973
Net profit/loss for the year	8,380	3,845	-314
Balance sheet			
Balance sheet total	47,142	27,827	21,110
Equity	18,009	11,789	2,904
Cash flows			
Cash flows from:			
- operating activities	12,435	6,159	17,645
- investing activities	-13,808	-4,041	-8,024
including investment in property, plant and equipment	-561	-614	-584
- financing activities	3,808	2,801	-8,017
Change in cash and cash equivalents for the year	2,435	4,919	1,604
Number of employees	84	73	48
Ratios			
Gross margin	49.3%	43.4%	24.4%
Profit margin	10.7%	7.2%	-0.8%
Return on assets	27.1%	23.2%	-2.7%
Solvency ratio	38.2%	42.4%	13.8%
Return on equity	56.2%	52.3%	-5.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of European Lifecare Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

As in previous years, the main activity has been the operation of vaccination clinics and the running and management of publicly paid vaccination programmes in both Denmark and England. The company currently has a total of 42 vaccination clinics together in Denmark and UK.

Development in the year

During the year, ELCG has seen a substantial growth in the private travel vaccination clinics. The company acquired two private travel vaccinations companies in UK.

The school programmes with NHS UK continued to grow, mainly due to the full year effect of contracts won in 2016, but also from extension to the contracts. In late 2017, the company won the third school vaccination contract.

The Company reported a 2017 Revenue of DKK 119M (DKK 90M in 2016). The Gross Margin was DKK 59M in 2017 (DKK 39M in 2016).

The 2017 Profit before Tax was DKK 11M (DKK 5M in 2016). The Profit after Tax was DKK 8M (DKK 4M in 2016).

The Management are of the opinion, that the 2017 results are satisfactory.

Targets and expectations for the year ahead

For 2018, the Management remain positive to the outlook and expect further growth. ELCG also expect to grow further from acquisition of companies, mainly abroad.

External environment

The Company has on-going focus on the working environment in order to ensure a well-functioning framework for its employees.

Management's Review

Intellectual capital resources

ELCG ensures that we keep qualified staff through employee development interviews, competence development and ongoing supplementary training. The Company has the view, that continuous employee development and training will be key to grow successfully in the future.

Statement of corporate social responsibility

The statement of corporate social responsibility covers the period 1 January to 31 December 2017 and relates to the Annual Report for 2017. The Company complies with current rules and legislation on the markets in which it operates. The Company does not have individually established policies for compliance with corporate social responsibility, however follows generally accepted guidelines for corporate social responsibility.

Statement on gender composition

ELCG A/S wants to promote a company culture in which appointments are based on competencies. It is important that all employees, irrespective of their gender, find that they have equal access to the Board of Directors and top executive levels.

The Company wants the gender distribution to be taken into consideration and will aim to take into consideration any underrepresented gender. This policy is being developed and will therefore be adjusted and implemented on a current and on-going basis.

Uncertainty relating to recognition and measurement

There are no uncertainties in respect of the recognition and measurement method besides the general uncertainty in connection with running a business.

Unusual events

The financial position at 31 December 2017 of the Group and the results of the activities and cash flows of the Group for the financial year for 2017 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
		DKK	DKK	DKK	DKK
Revenue	1	**119,415,646**	**89,526,113**	**25,205,306**	**24,394,225**
Change in inventories of finished goods, work in progress and goods for resale		3,653,962	1,450,151	5,961	-22,882
Other operating income		399,012	462,053	366,000	366,000
Expenses for raw materials and consumables		-43,145,074	-34,964,833	-5,875,726	-5,982,781
Other external expenses		-21,506,854	-17,626,933	-7,015,758	-7,700,067
Gross profit/loss		**58,816,692**	**38,846,551**	**12,685,783**	**11,054,495**
Staff expenses	2	-40,342,865	-30,579,427	-9,384,564	-8,533,271
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,782,216	-1,779,616	-419,480	-661,116
Other operating expenses		-2,921,176	-44,862	-2,921,176	-44,206
Profit/loss before financial income and expenses	3	**12,770,435**	**6,442,646**	**-39,437**	**1,815,902**
Income from investments in subsidiaries		0	0	9,838,866	3,165,136
Financial income	4	26,935	68,468	212,898	94,519
Financial expenses	5	-1,333,899	-1,079,720	-1,328,080	-1,038,936
Profit/loss before tax		**11,463,471**	**5,431,394**	**8,684,247**	**4,036,621**
Tax on profit/loss for the year	6	-3,083,555	-1,586,683	-304,331	-191,910
Net profit/loss for the year		**8,379,916**	**3,844,711**	**8,379,916**	**3,844,711**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2017	2016	2017	2016
		DKK	DKK	DKK	DKK
Acquired patents		0	0	0	0
Goodwill		13,891,346	3,112,171	0	0
Software		83,492	245,275	81,056	179,087
Prepayment		1,984,736	1,453,451	668,883	369,050
Intangible assets	7	**15,959,574**	**4,810,897**	**749,939**	**548,137**
Other fixtures and fittings, tools and equipment		887,144	810,865	123,756	145,693
Leasehold improvements		170,284	153,476	0	0
Property, plant and equipment	8	**1,057,428**	**964,341**	**123,756**	**145,693**
Investments in subsidiaries	9	0	0	19,260,488	9,372,850
Deposits	10	811,890	676,431	151,984	144,098
Other receivables	10	2,550,251	2,525,000	2,550,251	2,525,000
Fixed asset investments		**3,362,141**	**3,201,431**	**21,962,723**	**12,041,948**
Fixed assets		**20,379,143**	**8,976,669**	**22,836,418**	**12,735,778**
Inventories		**7,394,625**	**3,740,663**	**34,181**	**40,142**
Trade receivables		7,829,700	6,797,279	1,387,225	1,475,644
Receivables from group enterprises		0	0	16,858,514	4,743,979
Other receivables		240,052	92,907	130,796	176,974
Deferred tax asset	18	0	0	0	0
Prepayments	11	924,797	280,179	142,701	123,648
Receivables		**8,994,549**	**7,170,365**	**18,519,236**	**6,520,245**
Cash at bank and in hand		**10,373,674**	**7,939,100**	**4,423,468**	**4,386,183**
Currents assets		**26,762,848**	**18,850,128**	**22,976,885**	**10,946,570**
Assets		**47,141,991**	**27,826,797**	**45,813,303**	**23,682,348**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2017	2016	2017	2016
		DKK	DKK	DKK	DKK
Share capital		593,750	593,750	593,750	593,750
Reserve for net revaluation under the equity method		0	0	2,943,811	0
Retained earnings		17,415,395	11,195,161	14,471,584	11,195,161
Equity	12	**18,009,145**	**11,788,911**	**18,009,145**	**11,788,911**
Provision for deferred tax	14	116,331	73,160	57,558	19,514
Provisions		**116,331**	**73,160**	**57,558**	**19,514**
Credit institutions		6,765,040	843,575	6,741,113	801,530
Long-term debt	15	**6,765,040**	**843,575**	**6,741,113**	**801,530**
Credit institutions	15	1,526,033	1,431,412	1,509,461	1,401,291
Prepayments received from customers		3,213	0	3,213	0
Trade payables		10,906,389	9,797,129	1,109,237	1,550,658
Payables to group enterprises		0	0	16,099,733	6,136,343
Corporation tax		3,957,798	580,150	608,332	197,306
Other payables		5,858,042	3,312,460	1,675,511	1,786,795
Short-term debt		**22,251,475**	**15,121,151**	**21,005,487**	**11,072,393**
Debt		**29,016,515**	**15,964,726**	**27,746,600**	**11,873,923**
Liabilities and equity		**47,141,991**	**27,826,797**	**45,813,303**	**23,682,348**
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
2017				
Equity at 1 January	593,750	0	11,195,161	11,788,911
Exchange adjustments	0	0	48,671	48,671
Sales and purchase of treasury shares	0	0	-2,208,353	-2,208,353
Net profit/loss for the year	0	0	8,379,916	8,379,916
Equity at 31 December	**593,750**	**0**	**17,415,395**	**18,009,145**

Group

2016				
Equity 1 January	593,750	0	2,310,713	2,904,463
Exchange adjustments	0	0	-177,106	-177,106
Sales and purchase of treasury shares	0	0	4,363,663	4,363,663
Other equity movements	0	0	853,180	853,180
Net profit/loss for the year	0	0	3,844,711	3,844,711
Equity at 31 December	**593,750**	**0**	**11,195,161**	**11,788,911**

Statement of Changes in Equity

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
2017				
Equity at 1 January	593,750	0	11,195,161	11,788,911
Exchange adjustments	0	0	48,671	48,671
Sales and purchase of treasury shares	0	0	-2,208,353	-2,208,353
Net profit/loss for the year	0	2,943,811	5,436,105	8,379,916
Equity at 31 December	**593,750**	**2,943,811**	**14,471,584**	**18,009,145**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
2016				
Equity 1 January	593,750	0	2,310,713	2,904,463
Exchange adjustments	0	0	-177,106	-177,106
Sales and purchase of treasury shares	0	0	4,363,663	4,363,663
Other equity movements	0	0	853,180	853,180
Net profit/loss for the year	0	0	3,844,711	3,844,711
Equity at 31 December	**593,750**	**0**	**11,195,161**	**11,788,911**

Cash Flow Statement 1 January - 31 December

	Note	Group 2017	Group 2016
		DKK	DKK
Net profit/loss for the year		8,379,916	3,844,711
Adjustments	16	7,217,818	4,201,101
Change in working capital	17	-1,820,091	-875,483
Cash flows from operating activities before financial income and expenses		**13,777,643**	**7,170,329**
Financial income		26,935	68,468
Financial expenses		-1,333,900	-1,079,721
Cash flows from ordinary activities		**12,470,678**	**6,159,076**
Corporation tax paid		-35,739	0
Cash flows from operating activities		**12,434,939**	**6,159,076**
Purchase of intangible assets		-12,860,918	-3,205,098
Purchase of property, plant and equipment		-561,195	-614,276
Fixed asset investments made etc		-445,186	-369,881
Sale of property, plant and equipment		59,199	148,561
Cash flows from investing activities		**-13,808,100**	**-4,040,694**
Repayment of loans from credit institutions		6,016,088	-2,416,298
Purchase of treasury shares		-2,208,353	4,363,663
Other equity entries		0	853,180
Cash flows from financing activities		**3,807,735**	**2,800,545**
Change in cash and cash equivalents		**2,434,574**	**4,918,927**
Cash and cash equivalents at 1 January		7,939,100	3,020,173
Cash and cash equivalents at 31 December		**10,373,674**	**7,939,100**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10,373,674	7,939,100
Cash and cash equivalents at 31 December		**10,373,674**	**7,939,100**

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
1 Revenue				
Geographical segments				
Revenue, Denmark	76,248,336	62,896,533	25,205,306	24,394,225
Revenue, United Kingdom	43,167,310	26,629,580	0	0
	119,415,646	**89,526,113**	**25,205,306**	**24,394,225**
Business segments				
Private	72,770,537	58,564,099	4,239,084	3,804,512
Public	46,645,109	30,962,014	20,966,222	20,589,713
	119,415,646	**89,526,113**	**25,205,306**	**24,394,225**

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
2 Staff expenses				
Wages and salaries	39,913,119	30,085,653	9,185,201	8,338,163
Pensions	273,203	209,863	127,849	128,597
Other social security expenses	148,782	95,480	71,514	66,511
Other staff expenses	7,761	188,431	0	0
	40,342,865	**30,579,427**	**9,384,564**	**8,533,271**
Including remuneration to the Executive Board of:				
Executive Board	2,783,326	2,146,231		
	2,783,326	**2,146,231**		
Average number of employees	**84**	**73**	**9**	**8**

The incentive scheme offered to the Executive Board includes an option on new subscription of shares of up to 1.92% of the present share capital at a average price of 0.88 per share.

Furthermore, current and prior senior officers and employees has an option on new subscription of shares of up to 2.39% of the present share capital at a average price of 2.36 per share, whereof 1.05%-point of the options expires 31 December 2021.

Incentive programs are not recognised in the Financial Statements.

Notes to the Financial Statements

		Group		Parent Company	
		2017	2016	2017	2016
		DKK	DKK	DKK	DKK
3	**Special items**				
	Expenses for capital raising	-2,921,176	0	-2,921,176	0
		-2,921,176	**0**	**-2,921,176**	**0**
4	**Financial income**				
	Interest received from group enterprises	0	0	187,650	68,932
	Other financial income	26,935	68,468	25,248	25,587
		26,935	**68,468**	**212,898**	**94,519**
5	**Financial expenses**				
	Interest paid to group enterprises	0	0	185,346	89,332
	Other financial expenses	1,333,899	1,079,720	1,142,734	949,604
		1,333,899	**1,079,720**	**1,328,080**	**1,038,936**
6	**Tax on profit/loss for the year**				
	Current tax for the year	3,033,747	605,506	319,941	222,662
	Deferred tax for the year	71,485	981,177	68,794	-30,752
	Adjustment of tax concerning previous years	-21,677	0	-84,404	0
		3,083,555	**1,586,683**	**304,331**	**191,910**

Notes to the Financial Statements

7 Intangible assets

Group

	Acquired patents	Goodwill	Software	Prepayment
	DKK	DKK	DKK	DKK
Cost at 1 January	189,089	5,185,155	3,330,545	0
Exchange adjustment	0	-112,633	-26,668	0
Additions for the year	0	11,675,110	46,275	1,254,607
Transfers for the year	0	0	-1,885,532	1,885,532
Cost at 31 December	189,089	16,747,632	1,464,620	3,140,139
Impairment losses and amortisation at 1 January	189,089	2,072,985	1,631,817	0
Exchange adjustment	0	-15,683	-4,702	0
Amortisation for the year	0	925,404	186,094	723,322
Reversal for the year of previous years' impairment losses	0	-126,420	0	0
Transfers for the year	0	0	-432,081	432,081
Impairment losses and amortisation at 31 December	189,089	2,856,286	1,381,128	1,155,403
Carrying amount at 31 December	**0**	**13,891,346**	**83,492**	**1,984,736**

Notes to the Financial Statements

7 **Intangible assets** (continued)

Parent Company

	Acquired patents	Goodwill	Software	Prepayment
	DKK	DKK	DKK	DKK
Cost at 1 January	189,089	1,585,776	1,493,400	0
Additions for the year	0	0	46,275	483,827
Transfers for the year	0	0	-391,484	391,484
Cost at 31 December	189,089	1,585,776	1,148,191	875,311
Impairment losses and amortisation at 1 January	189,089	1,585,776	945,263	0
Amortisation for the year	0	0	144,306	183,994
Transfers for the year	0	0	-22,434	22,434
Impairment losses and amortisation at 31 December	189,089	1,585,776	1,067,135	206,428
Carrying amount at 31 December	**0**	**0**	**81,056**	**668,883**

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	3,414,325	295,768
Exchange adjustment	-17,910	-1,062
Net effect from merger and acquisition	244,174	0
Additions for the year	503,528	62,688
Disposals for the year	-230,983	0
Cost at 31 December	3,913,134	357,394
Impairment losses and depreciation at 1 January	2,603,456	142,297
Exchange adjustment	-6,449	-613
Net effect from merger and acquisition	132,372	0
Depreciation for the year	471,983	45,426
Reversal of impairment and depreciation of sold assets	-175,372	0
Impairment losses and depreciation at 31 December	3,025,990	187,110
Carrying amount at 31 December	**887,144**	**170,284**

Notes to the Financial Statements

8 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,943,901	72,750
Additions for the year	69,243	0
Disposals for the year	-12,387	0
Cost at 31 December	2,000,757	72,750
Impairment losses and depreciation at 1 January	1,798,208	72,750
Depreciation for the year	91,180	0
Reversal of impairment and depreciation of sold assets	-12,387	0
Impairment losses and depreciation at 31 December	1,877,001	72,750
Carrying amount at 31 December	**123,756**	**0**

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent Company	
	2017	2016
	DKK	DKK
Cost at 1 January	16,316,677	16,316,677
Cost at 31 December	16,316,677	16,316,677
Value adjustments at 1 January	-6,943,827	-9,931,857
Exchange adjustment	48,772	-177,106
Net profit/loss for the year	9,838,866	3,165,136
Value adjustments at 31 December	2,943,811	-6,943,827
Carrying amount at 31 December	**19,260,488**	**9,372,850**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
European Vaccination Group (UK) Limited	Hitchin, UK	790	100%	1,281,668	1,320,538
Danske Lægers Vaccinations Service ApS	Gladsaxe	130,000	100%	17,978,820	8,518,328
				19,260,488	9,838,866

10 Other fixed asset investments

	Group		Parent Company	
	Deposits	Other receivables	Deposits	Other receivables
	DKK	DKK	DKK	DKK
Cost at 1 January	417,972	2,525,000	144,098	2,525,000
Additions for the year	423,918	25,251	7,886	25,251
Disposals for the year	-30,000	0	0	0
Cost at 31 December	811,890	2,550,251	151,984	2,550,251
Carrying amount at 31 December	**811,890**	**2,550,251**	**151,984**	**2,550,251**

Notes to the Financial Statements

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

12 Equity

The share capital consists of 38,000,000 shares of a nominal value of DKK 0.015625. No shares carry any special rights.

The Company has bought net 1,781,758 of its own shares, corresponding to 4.6% of total capital, during the year. The net total payment for the shares amounted to DKK 2,208,352, which is deducted in retained earnings under equity.

The Company holds a total of 3,569,311 shares with a nominal value of DKK 0.015625 corresponding to 9.4% of the total capital.

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK

13 Distribution of profit

Reserve for net revaluation under the equity method	0	0	2,943,811	0
Retained earnings	8,379,916	3,844,711	5,436,105	3,844,711
	8,379,916	**3,844,711**	**8,379,916**	**3,844,711**

14 Provision for deferred tax

Provision for deferred tax at 1 January	73,160	-958,283	19,514	0
Amounts recognised in the income statement for the year	71,485	981,177	68,794	-30,752
Amounts recognised in equity for the year	-28,314	50,266	-30,750	50,266
Provision for deferred tax at 31 December	**116,331**	**73,160**	**57,558**	**19,514**

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Credit institutions				
After 5 years	1,847,840	0	1,847,840	0
Between 1 and 5 years	4,917,200	843,575	4,893,273	801,530
Long-term part	6,765,040	843,575	6,741,113	801,530
Within 1 year	1,357,572	1,311,813	1,341,000	1,296,423
Other short-term debt to credit institutions	168,461	119,599	168,461	104,868
Short-term part	1,526,033	1,431,412	1,509,461	1,401,291
	8,291,073	**2,274,987**	**8,250,574**	**2,202,821**

Notes to the Financial Statements

16 Cash flow statement - adjustments

	Group 2017 DKK	Group 2016 DKK
Financial income	-26,935	-68,468
Financial expenses	1,333,899	1,079,720
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,778,628	1,780,272
Tax on profit/loss for the year	3,083,555	1,586,683
Exchange adjustment	48,671	-177,106
	7,217,818	**4,201,101**

17 Cash flow statement - change in working capital

	Group 2017 DKK	Group 2016 DKK
Change in inventories	-3,653,962	-1,450,151
Change in receivables	-1,824,184	906,656
Change in trade payables, etc	3,658,055	-331,988
	-1,820,091	**-875,483**

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
For the security of all intermediaries with bank connections, the company has put its treasury shares as security.

The Company has provided a guarantee to banker in respect of Danske Lægers Vaccinationsservice A/S.

Contingent assets

The Group has in its subsidiary Vaccination UK Ltd. a potential deferred tax asset of DKK 1,780k due to accumulated trading losses in the company.

Rental and lease obligations

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	0	119,139	0	119,139
	0	**119,139**	**0**	**119,139**
Rental agreements, rent in the period of non-terminability	2,695,195	854,648	438,919	439,023

Other contingent liabilities

The Company has entered into a contractual obligations with one of its current contractors, obligating the Company to invest DKK 1,136k in development of software.

In addition, the company has issued a letter of comfort to its subsidiary Vaccination UK Ltd., in which it declares to inject capital if necessary to secure Vaccination UK Ltd. may continue operating ("Going Concern") until 31 December 2018. At 31 December 2017 Vaccination UK Ltd. has an equity of DKK -1,519k.

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 608,332. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

19 Related parties

Transactions

Consulting services of total DKK 860k has been bought by the Company from DC Consulting GmbH, owned by the Company's shareholder.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

20 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Audit fee to PricewaterhouseCoopers	295,000	295,000	261,500	261,500
Other assurance engagements	129,678	0	0	0
Tax advisory services	7,500	7,500	3,500	3,500
Other services	205,285	27,500	15,000	15,000
	637,463	**330,000**	**280,000**	**280,000**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of European Lifecare Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially 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 maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

21 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, European Lifecare Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

21 Accounting Policies (continued)

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

Gross Profit comprises of the financial statement lines "Revenue" to "Other external expenses", which is specified in the Income Statment.

There has been a reclassification in the comparative numbers of the Group (DKK 8,655k) and the Parent Company (DKK 3,200), which has increased the Gross profit - mainly due to a reduction in the "Expenses for raw materials and consumables" - and been reclassified to be presented as part of "Staff costs".

The adjustment has no effect on the "Profit/loss before financial income and expenses", "Net profit/loss of the year" or the "Equity" of the Company.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

21 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiary. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill is acquired and it costs less, but it is not certain. Good will is directed linearly over 10 years in accordance with the Danish statutory provisions for intangible assets with indefinite useful lives.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Notes to the Financial Statements

21 Accounting Policies (continued)

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over 3 years.

Prepayments comprise prepaid expenses concerning subscriptions for software, which is amortised on a straight-line basis over useful life, which is assessed at 3 to 5 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Notes to the Financial Statements

21 Accounting Policies (continued)

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

21 Accounting Policies (continued)

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$