

# Company description prior to listing on Nasdaq First North Growth Market

## **Important information about Nasdaq First North Growth Market**

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

## IMPORTANT INFORMATION

This Company description ("**the Company Description**") has been prepared in connection with the application for admission of shares in Careium AB (publ) ("**Careium**" or "**the Company**"), for trading on Nasdaq First North Growth Market ("**First North**"). For definitions of specific terms used in the Company Description, see the section "Specific definitions". The Company Description is available on the Company's website, [www.careium.com](http://www.careium.com). Other information on the Company's website is not incorporated into this Company Description and does not form part of this Company Description unless this information is incorporated in the Company Description through references.

This Company Description does not constitute a prospectus and has therefore not been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council or the Commission's delegated Regulation (EU) 2019/980. This Company Description has also not been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in its capacity as the competent authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Company Description has only been prepared in connection with an application for admission to trading of the shares in the Company on First North and does not contain any offer to the public to subscribe for or otherwise acquire shares or other financial instruments in the Company, either in Sweden or in any other jurisdiction. This Company Description has been reviewed by Nasdaq Stockholm AB.

The Company Description, or other material attributable to the Company Description, may not be distributed or published in any jurisdiction other than in accordance with applicable laws and regulations. This Company Description does not constitute or does not form part of any offer to issue or sell, or represent any call for an offer to acquire, buy or subscribe, any securities in the United States of America or any other jurisdiction where this would not be permitted. The recipient of the Company Description is obliged to inform itself about and comply with these restrictions, and may not publish or distribute the Company Description in violation of applicable laws and regulations. Measures in violation of these restrictions may violate applicable securities laws. The shares in the Company have not been and will not be listed under the United States Securities Act of 1933 as amended ("**US Securities Act**") or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or to the United States, except under an applicable exemption from, or through a transaction not covered by, the registration requirements laid down in the US Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction in the United States of America. The shares in the Company have not been approved or rejected by the US Securities and Exchange Commission, by any state Securities and Exchange Commission or any other US authority, nor have any of the said authorities approved the benefits of the transaction or the accuracy or adequacy of the information in this Company Description. To claim the opposite is a criminal act in the United States of America.

The Company Description has been prepared in a Swedish-language and an English-language version. In the event of any discrepancy between the language versions, the Swedish version shall prevail. Swedish law applies to the Company Description. Disputes arising due to the Company Description and related legal matters shall be decided exclusively by a Swedish court.

## Certified Adviser

The Company has engaged FNCA Sweden AB ("**FNCA**") as Certified Adviser. FNCA does not own any shares in the Company.

## Forward-looking information and risk factors

The Company Description contains some forward-looking information that reflects the Company's current views on future events as well as financial and operational development. Words such as "refer", "assess", "expect", "may", "plan", "estimate", "calculate" and other expressions that indicate indications or predictions regarding future developments or trends, and that do not relate to historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking information does not constitute a guarantee regarding future results or development and the actual outcome may differ materially from what is stated in forward-looking information due to, without limitation, deterioration of general economic and financial conditions, changes in the markets where the Company operates or where it appears that the expected benefits of the dividend are not realised, changes in laws and regulations, or negative effects as a result of future litigation. All forward-looking information provided in the Company Description is valid only as of the date of publication of the Company Description and is based on the knowledge and information available to the Board of Directors of the Company at the time of this Company Description. The Company does not make any commitment to publish updates or revisions of forward-looking information as a result of new information, future events or similar circumstances, other than as provided for by applicable law.

An investment in securities is associated with certain risks (investors are encouraged in particular to read the section "*Risk factors*"). When making an investment decision, investors must rely on their own assessment of the Company, including the present facts and risks. Before making an investment decision, potential investors should engage their own professional advisers and carefully evaluate and consider the investment decision. No person is authorised to provide any other information or make any statements other than those contained in this Company Description. If this nevertheless happens, such information or such statements shall not be deemed to have been approved by the Company, which is also not responsible for such information or such statements.

## Industry and market information

The Company does not assume any responsibility for the accuracy of any industry or market information included in this Company Description. Such information deriving from third parties has been reproduced correctly and as far as the Company can know and ascertain, by comparison with other information published by the third party concerned, no information has been omitted in a way that would make the reproduced information incorrect or misleading.

## Presentation of financial information

Some financial and other information presented in this Company Description has been rounded off to make the information easily accessible to the reader. Consequently, the figures in some columns do not correspond exactly to the stated total. Other than where expressly stated, no information in the Company Description has been reviewed or audited by the Company's auditor.

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## Important dates and share information

|   |              |
|---|--------------|
| Last day for trading in Doro's share, incl. right to receive shares in Careium: | 2021-12-03   |
| Record date for the distribution of the shares in Careium:                      | 2021-12-07   |
| First day of trading on First North:  | 2021-12-10   |
| Year-end report:  | 2022-02-17   |
| Annual General Meeting 2022:  | 2022-04-29   |
| Number of outstanding shares in Careium:  | 24,326,214   |
| ISIN code:  | SE0017131824 |
| Short name:   | CARE         |

## Specific definitions

"The Company" or "Careium" refers, depending on the context, to Careium AB (publ), corporate identity number 559121-5875, or the group in which Careium AB (publ) is the parent Company.

"Company description" refers to this Company Description.

"Euroclear" refers to Euroclear Sweden AB.

"EUR" refers to the euro.

"Doro" refers, depending on the context, to DORO AB, corporate identity number 556161-9429, or the group in which DORO AB is the parent Company.

"First North" refers to Nasdaq First North Growth Market.

"GBP" refers to British pounds.

"NOK" refers to Norwegian kronor.

"SEK" refers to Swedish kronor.

# Risk factors

An investment in shares is associated with risk. Prior to a possible investment decision, it is important to carefully analyse the risk factors that are deemed to be important for Careium and the share's future development.

The risks that, as of the date of this Company Description, are deemed to be significant for the Company are described below. The risk factors listed below are limited to such risks that are specific to the Company and/or the shares and essential for making a well-founded investment decision. Careium has assessed the materiality of the risks on the basis of the probability that the risks will be realised and the potential extent of negative consequences that may result from the risks being realised. The risks have been assessed on a qualitative scale with the designations low, medium and high. The risk factors that are considered to be most relevant as of the date of the Company Description are first presented in each category, while the risk factors are then presented without a special ranking. The assessment of the probability and potential extent of negative consequences is based on the Board's knowledge and perception as of the date of the Company Description. The probability and extent of risks that may be realised may deviate from the Board's assessment as of the date of the Company Description, partly because they are beyond the Company's control. If the risks were to be realised, the share price could fall and investors could lose part or all of their investment.

## **Business- and industry-related risks**

### ***Cyber security in the Company's alarm services and operations***

The Company is dependent on efficient and uninterrupted operation of its alarm services and most IT systems for its operations. A major breakdown, other disruption to the Company's IT systems or IT breaches, such as system intrusions, so-called distributed denial of service (DDoS) attacks or viruses, may impair or render impossible the Company's ability to deliver its services to the Company's customers. In the event that the Company fails in its delivery of services to customers, it may have a negative impact on the Company's operations and lead to undesirable costs as the Company may incur liability towards customers or receive dissatisfied customers.

Sensitive information is handled within the framework of the Company's alarm services and the Company's information security is therefore particularly important. If unauthorised persons are able to access sensitive information handled by the Company, for example through IT crimes or due to shortcomings in the Company's cyber security, the Company may be subject to penalties in accordance with Regulation (EU) 2016/697 of the European Parliament and of the Council ("**GDPR**"). In the event of violations of the GDPR, financial sanctions may be imposed on the Company up to EUR 20,000,000 or four per cent of the Company's total global annual sales during the previous financial year. If the Company fails in its compliance with the GDPR or delivery of services to customers, it may further damage the Company's reputation, which in turn may lead to reduced revenues and lost growth opportunities.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be high.

### ***Infrastructure in the respective country***

The Company is dependent on a well-functioning infrastructure in the form of, for example, electricity, internet and telecommunications networks and on mobile operators succeeding in maintaining their services in each country in which

the Company is active in relation to the operation of Careium's social alarms. However, if national infrastructure in any country is seriously damaged, there is a risk that alarm chains will not work and it cannot be guaranteed that all infrastructural deficiencies compromising the satisfactory maintenance of the Company's operations will not lead to increased costs for the Company due to the Company's liability towards customers. Furthermore, there is a risk that interruptions will lead to business interruptions or cause customers', providers' and others' perceptions of the reliability of the Company's products and services to be damaged, which may have a negative impact on the Company's operations and reputation.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is high. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### ***Provider risks and disruptions to the supply chain***

When manufacturing Careium's technology and alarm equipment, the Company is dependent on several providers for both components and product manufacturing. There is a risk that such providers may increase their prices or change their terms and conditions, or that delivery difficulties may occur due to, for example, fire, strike, bankruptcy, lack of materials or other circumstances attributable to a contracted provider. Careium is therefore dependent on circumstances that are partly beyond the Company's control. The Company is particularly dependent on subcontractors of control panel platforms and social alarms.

Furthermore, there is a risk that, in the future, such external providers will not deliver critical components on time, at a reasonable cost or at all, which in the long run may lead to Careium not being able to produce and deliver one or more of its products at a reasonable cost or at all. In such cases, it may also be difficult for Careium to find a new provider that meets the Company's quality requirements and is able to offer components at essentially the same cost as before. If any of the above problems with providers are realised, it may have a negative impact on the Company's production process which

may compromise the Company's ability to deliver and thereby have a negative impact on sales of Careium's products.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### **Competition and commercial risks**

In the telecare market, the Company faces competition from international players who have leading positions in several markets. Furthermore, the Company faces competition from local, regional and national providers of other care services, both public and private players. The Company's competitiveness varies between different geographical areas depending on several factors, such as the number of competitors and their respective ability to compete with the Company in the local market, the extent of the Company's product and service offering, the Company's reputation locally, staff commitment and expertise and the Company's ability to hire and retain competent staff in the care sector. If the Company does not succeed in competing with public and private providers of care services, this may lead to a lower number of won or retained contracts and reduced demand for the Company's services. If Careium's sales decrease as a result of reduced demand for the Company's products and services, this may have a negative impact on the Company's net sales and earnings.

In order to maintain a strong demand for the Company's products and services, Careium must continuously develop its operations in order to be able to offer care recipients the best possible care services from a quality perspective at a competitive price. Furthermore, the Company must continuously develop existing and new products. If the Company lacks the adequate resources or competencies required to introduce new products to the market or develop the Company's existing products in line with technical progress and market expectations, there is a risk that demand for the Company's products in particular will decrease.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### **Environmental, social and corporate governance risks**

The Company assesses that ESG (*Environmental, Social and Governance*) issues are becoming increasingly important for companies in the technology and product-development sector. The ESG issues that are particularly relevant within the context of Careium's operations and technology and product development process are primarily requirements, both from consumers and other stakeholders and from the Company towards third parties, regarding the use of product materials, resource use and sound production methods and working conditions, as well as the management of bribery and corruption risks. Careium cannot guarantee that third parties or employees at any given time will comply with the requirements established with regard to working conditions and the environment or prevent corruption. There is therefore a risk that employees, providers and other partners in practice do not meet the agreed requirements regarding ESG issues. If the Company does not adequately address and manage consumers' and other stakeholders' expectations regarding ESG issues and otherwise adapts and designs the technology and product development process to meet current requirements among consumers and other stakeholders, it may have a negative impact on the Company's operations. It is particularly serious for the Company if a business partner commits violations in respect of human rights and the environment, or if it is discovered that employees, representatives or providers have acted in an improper manner such that the action may constitute an infringement of applicable rules prohibiting bribery and other

corruption, employee compensation rules, rules aimed at the internal control over financial reporting, laws and regulations governing the environment, trade, competition or other applicable laws, rules and principles.

If any of the above-mentioned events do occur, it may mean that the Company is subject to administrative fines or other public law penalties, as well as terminations of contracts, which could impair the Company's opportunities to secure future contracts and lead to reduced sales. In addition, the Company's reputation may be damaged by negative publicity, which in the long run may lead to a reduced interest among potential consumers of Careium's products and services and a reluctance among other stakeholders, such as reputable customers or important public players, to collaborate with Careium. If the Company fails to live up to existing ESG expectations, Careium's reputation may be further damaged by the imputation that the Company is involved in greenwashing and therefore considered unreliable.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### **Maintaining service delivery**

Maintaining service delivery is crucial for the Company's operations, especially since Careium provides alarm and care services for individuals who are in vulnerable situations. If Careium fails to maintain service delivery, for example, due to a continuity interruption at an alarm centre, there is a risk that the individual will not receive emergency help or that the necessary emergency help will be delayed. The consequences of a lack of continuity at an alarm centre can be very extensive and serious, not least for the individual. If the aforementioned risk does occur, the Company's products and services may also be regarded as unreliable, which in the long run may result in Careium's customer base being significantly reduced and the Company losing important market share, which in turn may have a negative impact on the Company's net sales and earnings.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be high.

#### **The Company's ability to identify, attract and retain highly qualified employees**

The Company's access to competent and motivated employees as well as good managers is important for achieving set strategic and operational goals. The Company is particularly dependent on its senior executives as well as certain employees with expert knowledge in software and hardware development in technology-enabled care as well as qualified health-care staff (nurses and similar personnel). It is therefore important that the Company succeeds in the future in attracting and retaining employees with the right skills. This can be particularly challenging in the Company's most important growth markets, where competition can be greater and overall skill levels limited.

Furthermore, it can be difficult to retain qualified staff in the event of reorganisations and relocations. Loss of management or other key personnel or inability to identify, recruit and retain qualified personnel may have a negative impact on the Company's future prospects.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### **Macroeconomic changes**

The Company offers technology-enabled care for digital care



and home care. The Company's revenues depend on the demand for the type of products and care services that Careium offers. Demand for such products and services is in turn variable and depends on, among other things, demographic development, the general economic development in the Company's markets and other external factors.

Demographic factors with an impact on demand for the Company's services include population structure, age structure, birth rate, public health and migration. As the Company's products are particularly aimed at seniors, demographic factors which entail a decrease in the number of older people in the markets in which the Company operates may have a negative impact on demand for the Company's products and services. If demand for the Company's products and services decreases, it may have a negative impact on the Company's net sales and earnings.

Demand for Careium's technology-enabled care for digital care and home care can also be negatively impacted by an economic downturn in the countries or areas where the Company operates. An economic downturn in a country or area may mean a reduction in public funds set aside for technology-enabled care and security services in the care sector. If less public funds are set aside in markets where the Company operates, there is a risk that demand from public players will decrease and that the prices of the Company's services and products will thereby be depressed, which may lead to lower margins for the Company.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### **Political factors**

Changes in the political situation in a region or in a country, or political decisions that affect the industry or the country, could have a material adverse effect on sales of the Company's products and services. A significant part of Careium's revenue comes, for example, from sales of products and services to players such as municipalities and regions. Political decisions, for example on government cost-saving measures or on the internal development of such services as the Company offers, could have a negative impact on the opportunities for public players, organisations and sheltered accommodation to make purchases of Careium's products. Such proposals are beyond the Company's control and may be implemented in the future. If such political decisions are implemented in any of the countries in which the Company operates, it may lead, among other things, to a reduced demand for the Company's products and services in that country, in which case the Company may, for example, be forced to lower its prices. Such a development could have a significant negative impact on the Company's earnings.

Furthermore, local and regional authorities, which conduct business in their respective areas, also decide which services are to be outsourced to private providers and thus determine the extent to which private players impact on the publicly funded market. If such political decisions lead to a smaller market share for private providers, it may have a negative impact on the Company's earnings and financial position as a result of reduced sales of the Company's products and services.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### **Acquisition risks**

As part of the Company's growth strategy, Careium intends to expand its operations in the future through the acquisition of operations that improve and complement the Company's existing operations, both in current and potential new mar-

kets. Careium is dependent on several factors to be able to carry out future acquisitions, for example that the Company succeeds in finding suitable acquisition objects at the right price, negotiating acceptable purchase terms and financing the acquisitions. With regard to acquisitions in new geographical markets, the Company is also dependent on knowing and adapting to current market practices. As a result, there is a risk that the Company's future acquisitions may not be carried out on favourable terms or at all, which could limit the Company's growth.

There are several operational and financial risks in connection with acquisitions, especially how new operations will be integrated into the Company's existing operations. Integration presupposes, among other things, that it is possible to use the existing structure in an optimal way, that the operations in the acquired operations can be changed, that the necessary reorganisation measures can be implemented and/or that there is an adequate access to staff with the necessary skills. There is a risk that one or more factors make it difficult to effectively integrate the new business. In addition to the integration risk, risks include exposure to unknown liabilities and higher-than-anticipated acquisition and expansion costs. There is a risk that the Company's assessments and assumptions concerning the opportunities for acquisitions or expansion, or relating to acquired operations, will prove to be incorrect, or that obligations, unforeseen events or other risks that were previously unknown to the Company will occur. There is also a risk that Careium will not succeed in integrating acquired operations and therefore that the anticipated synergies will not be realised as a result of the acquisition.

The Company may also wish to divest operations that no longer fit into the Company's strategy. There is a risk that Careium in the future will not be able to divest operations or assets at all or that such divestments will not be able to take place on favourable terms, which could have a significant negative impact on the Company's operations and/or financial position.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### **Risks related to public procurement**

Customers operating in the public sector account for a large part of the Company's turnover. Exposure to the public sector means that a significant proportion of the Company's customers are legally obliged in many cases to purchase services through public procurement procedures. Certain public procurement procedures require the Company to have specific quality, environmental or information security certifications (such as ISO 9001, 14001 and 27001). If the Company fails to obtain or retain such certifications, there is a risk that the Company may not win public contracts where such requirements are imposed. In addition, public procurement procedures are associated with certain risks which do not always apply to tendering procedures with private operators. For example, in public procurement procedures, tendering parties and potential tendering parties may request review of procurement procedures or decisions to award contracts with reference to actual or alleged procedural errors in the procedures. Consequently, there is a risk that the Company will be affected by other tendering parties requesting review of a contract won by the Company. This can be exemplified by the fact that the Company's framework agreement "Safety Alarm and Alarm Reception 2019" concluded with Adda AB is under review (see the section entitled "*Legal considerations and supplementary information – Significant agreements – Framework agreement*"). In addition to requiring time resources and resulting in costs such as fees to advisers, such reviews may also affect the Company by delaying projects or leading to

the opening of a new procurement procedure whereby the Company is at risk of losing the previously awarded contract. In addition, under the applicable public procurement law, contracts negotiated with the public sector may in some cases be terminated if the contract is entered into in breach of the law. If any of the above risks were to be realised or if the Company were to lose public procurements in the future, this could lead to increased costs and reduced revenues, and have a significant negative impact on the Company's earnings.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

## Financial risks

### *Financing and refinancing risks*

Financing risk is defined as the risk that financing cannot be obtained at a given time, that financing can only be obtained with increased costs or that creditors have difficulty in fulfilling their commitments. As of 30 September 2021, Careium had interest-bearing liabilities of SEK 247 million, of which SEK 204 million consisted of intra-group liabilities to Doro. After this date, the Company has issued subordinated perpetual capital notes of SEK 50 million and has agreed a credit facility consisting of a revolving credit facility of SEK 450 million (see the section entitled *Legal considerations and supplementary information – Significant agreements*). There is a risk that future refinancing will not be possible on reasonable terms, which may affect the Company's opportunities for refinancing and therefore have a negative impact on the Company's financial position. In addition to the Company's own cash flow and equity, the Company's operations are financed through loans from external lenders. The development and launch of new products and establishments in new markets may be delayed or incur unforeseen or increased costs due to factors within or outside the Company's control. If such circumstances occur, it may mean that projects cannot be completed before the loans fall due, that such increased costs do not fall within the approved credit facilities and that cash flow is negatively affected with an increased need for external financing as a result. If the Company is unable to obtain financing for acquisitions, development and production, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on unfavourable terms, it may have a negative impact on the Company's operations, liquidity and financial position.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### *Currency Risks*

Since Careium, through subsidiaries, operates in several countries, there is a risk that the Company will be affected by currency fluctuations. The risk mainly consists of so-called translation exposure, which arises when the foreign subsidiaries' balance sheets and income statements are translated into SEK in connection with consolidation. The value of foreign net assets as of 31 December 2020 amounted to SEK 252 million. The Company is particularly exposed to currency changes that occur between GBP, EUR, NOK and SEK. Exchange rate fluctuations between the aforementioned currencies and SEK may thus entail translation risks, which may affect the Company's earnings. As a result, currency fluctuations in the future may have a negative impact on the Company's earnings and position in other respects.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be low.

### *Interest rate risk*

Interest rate risk refers to the risk that changes in market interest rates may affect earnings and cash flows. The Company's exposure to a change in interest rates arises mainly from long-term borrowing that carries a variable interest rate. The Company has entered into an agreement for a revolving credit facility which, upon utilisation, carries a variable interest rate and thereby exposes the Company to interest rate risk in terms of cash flow, which increases the risk that the Company may be adversely affected by any increase in the interest rate situation.

An increase of 1 per cent in STIBOR would increase the Company's financial costs on an annual basis by SEK 1.5 million, provided that the Company is raising a loan of SEK 150 million under the revolving credit facility.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be low.

## Legal risks

### *Product liability, product recall and legal claims*

The Company, which provides technology-enabled care products, risks being subject to claims regarding product liability, product recall and other legal claims in the event that the use of Careium's products causes, is said to cause or is assumed to cause personal injury or material damage. The outcomes of such claims can be difficult to predict and may involve huge amounts, thus entailing significant costs and financial commitments for the Company. In addition to product liability for errors and omissions in Careium's products, inaccuracies or incorrect use of the products may lead to negative publicity damaging to the Company's reputation. Even if an alleged product liability claim is not successful or not fulfilled, the negative publicity that arises when a product is recalled or when an allegation is made that Careium's product has caused personal injury or material damage, can still significantly damage the brand and the Company's reputation. This may in the long run negatively impact contract procedures and other customers' purchases of the Company's products, which may have a negative impact on the Company's net sales and earnings. In addition, in the event of product liability claims, there is a risk that the Company will be forced to bear parts of the claim as a result of amount restrictions in the Company's insurance policies.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### *Changes in laws, regulations and practices*

The market for care services is subject to extensive regulation. However, the Company's products and services are not currently subject to special licensing requirements. It cannot be guaranteed that the products and services that the Company currently offers or may offer will not be covered by additional regulation and/or permit requirements in the future, for example requirements for staff qualifications, pricing of the Company's products and services or the quality of the Company's products and services.

If new regulations are introduced or existing laws, ordinances and practices are amended, there is a risk that the Company will not succeed in complying with such regulations or obtaining such permits, for example if the Company does not possess sufficient resources or competencies, or that initiatives required of the Company will be disruptive to operations. Furthermore, customer agreements in some of the markets in which the Company is active commonly establish certification requirements, for example according to ISO. In the future, there is a risk that customers will set out new requirements,

for example in markets where there are usually no certification requirements today, and that the Company will not succeed in obtaining new certifications or maintaining existing ones. If the Company in the future fails to obtain, retain or comply with permits, certifications or changes in laws, ordinances and practices, there is a risk that the Company will not succeed in attracting new customers or retain existing ones, which may have a material adverse effect on the Company's net sales.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### **Risks related to the distribution of the shares in Careium**

#### ***The distribution may negatively impact the price of Careium's shares***

There is a risk that the market price for the Doro shares and the Careium shares, respectively, as independent companies, will not exceed the current market price for the Doro shares. The distribution may also have an effect on the independent companies' financial position and risk profile, as well as on other conditions for conducting their respective operations.

There is also a risk that Doro's current shareholders will sell the shares they receive in Careium as a result of the distribution, which may have a negative impact on the price of the shares in Careium. There is a risk that the market will perceive the independent companies as less attractive investment objects than the Doro Group in its current form.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is medium. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### ***The expected benefits of the distribution of Careium may not be realised***

The intended purpose of the separation of Careium from Doro is to create long-term shareholder value and to increase focus, customer value and development opportunities for Careium as an independent Company. The factor driving the separation is the need to establish good conditions for continued value creation by broadening Careium's offer to new customer groups, broadening the geographical coverage in Europe and implementing any strategic acquisitions. However, there is a risk that the expected benefits of the distribution will not be achieved if the assumptions on which the decision to implement the distribution is based prove to be incorrect or if the anticipated benefits or underlying motivation have been overestimated. For example, Careium as an independent Company may not be able to obtain external financing or other financial services on the same favourable terms that were available to the Company before the separation. There is also a risk that investors' willingness to invest directly in Careium is overestimated, which may lead to the share price in Careium developing unfavourably after the listing of the Company's shares on First North. To the extent that the Company as an independent company incurs additional costs or generates lower sales, Careium's financial position could be negatively impacted and the expected benefits from the dividend might not be realised.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

#### ***Indemnity obligations under the transfer agreement may result in unforeseen costs for Doro or Careium***

The transfer agreement entered into between Doro and Careium stipulates that Careium shall, as a general rule, replace

Doro for obligations related to Careium's operations and that Doro shall, as a general rule, replace Careium for obligations related to Doro's ongoing operations. Should there be unforeseen obligations attributable to Careium's or Doro's operations that trigger an obligation under the indemnity obligations set out in the transfer agreement, this could lead to increased costs for Careium, which would have a significant negative impact on Careium's financial position.

The Company assesses that the probability of any of the above risks occurring, in whole or in part, is low. If any of the above risks do occur, the Company assesses that the negative impact would be medium.

### **Risks related to the listing on First North**

#### ***Equity-related risks***

Risk and risk-taking are an inevitable part of shareholding. Since an investment in shares can both rise and fall in value, it cannot be guaranteed that an investor will get back the invested capital. There is a risk that an active and liquid market will not develop or, if one does, that it will not survive after the listing. The development of the share price is dependent on a number of factors that are outside the Company's control. Such factors include the general economic situation, market interest rates, alternative return opportunities, capital flows and political uncertainty. It is not possible for an individual Company to control all the factors that may affect its share price, so every investment decision regarding new shares should be preceded by a careful analysis. This poses a significant risk to individual investors.

#### ***Risk of no dividend***

According to Swedish law, Annual General Meeting decides on any dividend. Dividends may only be paid if the Company has sufficient funds for this and the dividend is justifiable taking into account the Company's capital needs. There is a risk that the Company will not pay dividends in the future and, as a starting point, funds should be reinvested in the business in the coming years.

#### ***Marketplace***

The Company has applied for listing of the Company's shares on First North. An investment in a Company traded on First North is more risky than an investment in a Company listed on a regulated market. First North does not have the same legal status as a regulated market and does not place as high demands on the Company with regard to, among other things, the provision of information, transparency and corporate governance as is the case for companies in a regulated market. Companies on First North are regulated by a special set of rules and not by the legal requirements for trading on a regulated market.

#### ***Future dilution***

In the future, the Company may decide on a new issue of additional shares or other securities in order to raise capital. Such an issue of additional securities may lead to dilution of existing shareholders' proportional ownership and voting rights as well as dividends per share in the Company and may also have a negative effect on the price of the shares in the Company.

#### ***Share sale from existing shareholders***

The sale of a significant number of shares, especially sales made by the Company's Board of Directors, senior executives or major existing shareholders, as well as general market expectations that further sales will be made, may adversely affect the share price.



# Background and rationale

Careium, which is Doro's business area Doro Care, is one of the leading players<sup>1</sup> in technology-enabled care in Europe.<sup>2</sup>

A growing older population wants to live actively and independently for longer. At the same time, society's costs increase when there are fewer to support more people. Technology-enabled care is a strongly growing market that meets the needs for creating conditions for a safer and more independent life for seniors. It enables more efficient care where people can live longer and safer in their own homes and in special housing. Careium is well positioned to take a leading role when new digital technology is introduced and shapes tomorrow's welfare for seniors.

Careium's offering in the field of technology-enabled care is broad; software platform, in-home and mobile social alarms, remote monitoring and alarm response are offered to public players, civil society and private companies. More than 400,000 elderly people are managed by Careium, the majority being connected to Careium's six alarm centres, where more than 25,000 alarms are handled every day.

Over the past six years, the Company has grown by an average of 21 per cent through both organic growth and acquisitions, with good profitability. Careium is now one of the leading telecare players in four markets; Sweden, Norway, the Netherlands and Europe's largest market the United Kingdom.<sup>3</sup>

Careium's offering in technology-enabled care has over time been built up within the framework of Doro, which has prepared Careium and provided the right conditions for becoming an independent Company.

Careium's owners and Board of Directors assess that the Company has now achieved the right conditions for acting completely independently. This is adjudged as helping to facilitate the ongoing development of Careium's business model and offering. The assessment is also that there are good conditions in place for continued value creation by broadening the Company's offer to new customer groups, such as residential care homes and assisted living, broadening the geographical coverage in Europe and implementing any strategic acquisitions.

An Extraordinary General Meeting of Doro has decided that Careium's shares will be distributed to Doro's shareholders (through a so-called Lex ASEA procedure) and the Board of Careium has applied for the Company's shares to be admitted to trading on First North. A listing gives the Company's owners and potential owners the opportunity to trade the share. It is also the Board's assessment that a listing will enhance the Company's continued growth and development. A listing will also give Careium direct access to the capital market and strengthen the Company's profiling.

## The Board's responsibility statement

*The Board of Directors of the Company is responsible for the content of this Company Description. We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.*

Malmö, November 30 2021  
Careium AB (publ)  
The Board of Directors

<sup>1</sup> The term "market leader" is defined on the basis of the proportion of the total number of connections in the individual market relative to other players.

<sup>2</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

<sup>3</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

# Message from the CEO

We at Careium have a clear ambition – to be the knowledge leader and market leader for technology-enabled care in Europe.

Over the past few years, we have built a strong organisation with extensive experience in well-being technology while establishing a leading position in several markets.<sup>4</sup> Our strength, which we continue to develop, is our combination of technology and people to deliver value-added services. As an independent Company, we at Careium are ready to accelerate our strategy towards being the leading player in developing and providing technology-enabled care to create tomorrow's welfare for seniors.

Caring for our elderly is one of the biggest challenges facing society. By 2040, it is estimated there will be around two tax-paying people per pensioner in Europe, compared to five tax-paying people per pensioner in 1980. In order to be able to overcome society's challenges, where cost pressures and the need for safe monitoring of chronic disease conditions increase, continued digitisation of technology-enabled care is needed. These are some of the main drivers of why the market for technology-enabled care in Europe is expected to grow by more than 10 per cent per year to 7.5 billion by 2024. With technology-enabled care, at the same time as we make it easier for society, we can give the senior a safe, active and meaningful everyday life.

Careium is today one of the leading players in technology-enabled care in Sweden, Norway, the UK and the Netherlands.<sup>4</sup> Since the first acquisition of Caretech, we have grown by an average of 21 per cent per year to the Careium we are today. Today our services help take care of about 400,000 people. The majority of these are connected to one of our total of six own alarm centres in Sweden, Norway and the United Kingdom, where we handle more than 25,000 incoming alarms daily. Based on this position, we are well placed to continue our growth both organically and through further acquisitions in existing and new markets.

To strengthen our position as a leading player in the market while we handle the increased health and care needs, we focus on creating proactive, predictive and preventive solutions. An important part of this is our technology platform comprising our proprietary software and hardware but also selected third-party products. In combination with our knowledgeable and experienced staff in service delivery, we create opportunities for innovative solutions that improve quality of life, independence and security.

Over the past year, just like the rest of society, we have been working to deal with the consequences of the pandemic. We have experienced disruptions in the supply chain, especially with component shortages, and delays in customers' procurements. However, we do not see that these effects have impacted the underlying market trend. What we are experiencing, however, is that the need for safe and effective care is now



more important than ever, which we believe will contribute to continued rapid growth.

With Careium as an independent company, we will work with an increased focus towards being a European market leader in technology-enabled care. Our priorities are to continue to grow organically and through acquisitions, streamline operations and develop new technical solutions. As employees we are all looking forward to the ongoing journey as an independently listed company with profitable growth and value creation.

**Carl-Johan Zetterberg Boudrie**  
*President and CEO*

<sup>4</sup> The Company currently has a market-leading position in terms of the highest number of connections in relation to the total number of connections in each market in Sweden and Norway and is one of the leading players in the UK and the Netherlands based on Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

# Information about the distribution

## Decision on the distribution

On 22 November 2021, an Extraordinary General Meeting of Doro resolved, in accordance with the Board's proposal, to distribute all shares in the wholly owned subsidiary Careium to the shareholders of Doro. Anyone registered as a shareholder in Doro on the record date of the distribution has the right to receive shares in Careium. The shares in Careium will be distributed to Doro's shareholders in proportion to each individual shareholder's holding of shares in Doro on the record date of the distribution. In addition to being registered as a shareholder on the record date of the distribution (directly registered or through a nominee), no measures need be taken to obtain shares in Careium. The distribution is expected to meet the tax requirements according to the so-called Lex ASEA rules, see also the section "*Specific tax issues*".

## Dividend ratio

All shares in Careium will be distributed in proportion to each individual shareholder's holding of shares in Doro on the record date of the distribution. For every (1) share in Doro, one (1) share in Careium is obtained. Shares held in treasury by Doro on the record date carry no entitlement to distribution.

## Record date for the dividend

The record date for the right to receive the distribution is December 7 2021. Anyone who on the record date for the distribution is entered as shareholder in the share register of Doro's shareholders kept by Euroclear will receive shares in Careium. The last day for trading in Doro's shares, including the right to receive shares in Careium, is December 3 2021. The shares in Doro are traded excluding the right to receive shares in Careium as of December 6 2021.

## Receipt of shares

### *Directly registered holdings*

Those who on the record date for the distribution are entered as shareholders in the share register of Doro's shareholders kept by Euroclear will receive shares in Careium without action. The shares in Careium will be available on the custody accounts (or custody account belonging to the party who is otherwise entitled to the dividend) two banking days after the record date. Thereafter, Euroclear will send out a notice stating the number of shares registered in the recipient's VP account.

### *Nominee-registered holdings*

The shareholders who have their holdings in Doro nominee-registered with a bank or other nominee do not receive any accounting information from Euroclear. Notification and booking of shares in Careium will instead take place according to the respective nominee's procedures.

## Listing of the shares in Careium

Careium's Board of Directors has applied for listing of the shares in Careium on First North. The first day for trading in Careium's shares is expected to be December 10 2021.

## Important dates for the dividend

- Last day for trading in Doro's share with the right to receive shares in Careium: December 3 2021
- Doro's share is traded excluding the right to receive shares in Careium: December 6 2021
- Record date for receipt of shares in Careium: December 7 2021
- First trading day in Careium's shares on First North: December 10 2021

# Business description

Careium, Doro's business area Doro Care, is today the market leader in technology-enabled care<sup>5</sup> in Sweden and Norway and one of the leading players in the UK and the Netherlands.<sup>6</sup> This position means that Careium is one of the leading providers of technology-enabled care services in Europe.<sup>7</sup> Careium's innovative solutions improve the safety, quality of life and independence of seniors both inside and outside the home. For the care provider, the Company's solutions mean increased efficiency and the opportunity to invest resources in more valuable activities.

Careium provides its services to more than 400,000 seniors in Sweden, Norway, the Netherlands and the United Kingdom. The majority of all these seniors is connected to one of Careium's six alarm centres, in Sweden (two alarm centres), Norway (one alarm centre) and the United Kingdom (three alarm centres), where the approximately 600 employees at the Company's alarm centres handle approximately 25,000 alarms every day.

Careium is a Swedish Company with headquarters in Malmö, local organisations in Sweden, Norway, the Netherlands and the United Kingdom, as well as an export organisation that handles sales in the rest of Europe.

## Vision and values

Careium's vision is that all users should live a richer life and feel safe and cared for.

Careium sees it as its mission to be everyday heroes - with smart technology, the Company creates the conditions for better care and helps individuals based on their own needs.

Careium's values form the basis for all operations, both internally and externally. Act smart – show care – be heroes.

## History

Doro's acquisition of Caretech at the end of 2014 is the starting point for Careium's broad offering of technology-enabled care today. Since then, the business has grown by an average of 21 per cent per year with good profitability. The business has grown both through organic growth in Careium's main markets and through further strategic acquisitions.

In 2020, three strategically important acquisitions were made. The acquisition of Spanish Victrix, a digital cloud-based healthcare platform (which is offered as software as a service), gave Careium the opportunity to develop and offer completely new proactive and coordinated services. Through the acquisitions of Eldercare and Connexus Careline, Careium's position

in the British market was strengthened and the Company is now one of the largest players in the market.<sup>8</sup> In 2021, Inno-com, one of the three leading companies in technology-enabled care in the Netherlands, was also acquired.

## Digitised welfare creates security and safety

Increased digitisation of technology-enabled care with new offers enables new care and nursing models with more efficient care delivery and increased focus on preventive measures, which at best prevent injuries and diseases from occurring or worsening, while maintaining health, independence and mobility among our elderly.

Careium's offering is based on making smart digital care solutions available to more people. In this way, the quality of life for the care recipient is increased at the same time as the care provider is offered a more efficient operation and a better and safer work environment – something that benefits both society and the individual.

The next generation of telecare solutions is based on a digitised platform and, in addition to today's security services, includes new mobile solutions, monitoring of activities and monitoring of medicine. The European market for predictive, proactive and preventive solutions is still at an early stage, but is growing strongly with a host of new initiatives.

Careium's solutions are used by seniors but are prescribed from and sold mainly to public sector players. The sale takes place largely through public procurement. The contracts are long, averaging three to four years. It provides recurring revenue and excellent opportunities for additional sales of services and products. In particular, more digitised and integrated solutions create the conditions for easier addition and adaptation of solutions to the needs of individuals.

## Careium's integrated technology solution

Careium is one of the few operators able to offer the whole chain of social alarms, sensors (fall detectors, smoke detectors, motion detectors, etc.), accessories (cameras, electronic locks, medical robots, etc.) and secure communication with alarm reception: The Company provides a complete digital alarm chain.

Both stationary and mobile social alarms can be connected to Careium's alarm centres. As the Company manages the entire alarm chain, the solutions are cost-effective and quality-assured. The Company can also tailor solutions to meet the needs of both the installer and the individual.

## WHAT IS TECHNOLOGY-ENABLED CARE?

Technology-enabled care is digital technology that enables a person who has or is at risk of having a disability to maintain or increase their security, activity, participation and independence. Examples of technology-enabled care are digital social alarms, surveillance via cameras and sensors for reminders. Such technology can be used by the individuals themselves, by relatives or staff. It can be given as assistance, prescribed as an aid to daily life or purchased on the consumer market. Technology-enabled care can help in many ways. Research shows that, for example, people who have difficulty with room orientation can feel safer and more secure on a walk with a GPS alarm that has a tracking device. It enables relatives or staff to see where the person is geographically. Another argument for the development of technology-enabled care is that it can streamline care operations to resolve the problems of increasing numbers of elderly people and too few employees.

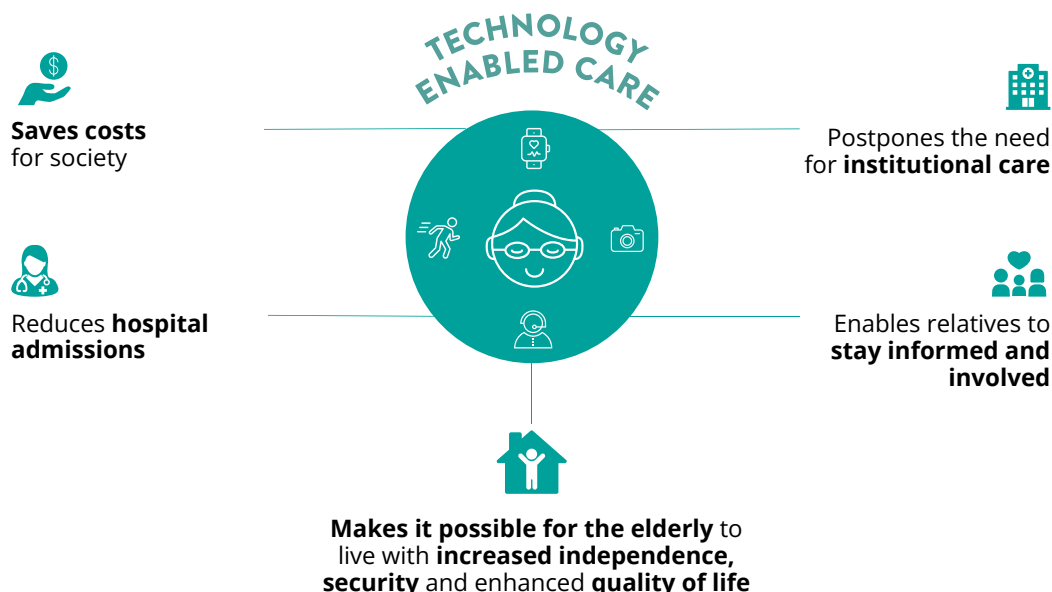
Source: Kunskapsguiden.se, Socialstyrelsen (Swedish National Board of Health and Welfare), Läkemedelsverket (Swedish Medical Products Agency), Folkhälsomyndigheten (Public Health Agency of Sweden) and others.

<sup>5</sup> The term "market leader" is defined on the basis of the proportion of the total number of connections in the individual market relative to other players.

<sup>6</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

<sup>7</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

<sup>8</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.

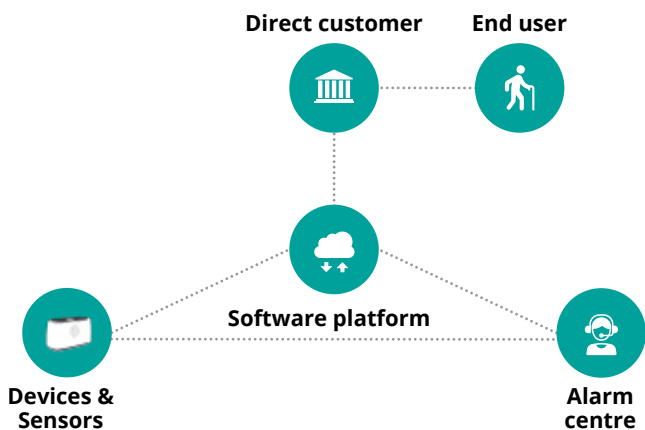


Careium's combination of innovative technology and committed employees in service delivery provides comparative advantages over most of the competition.

Careium's technology and proprietary platform enable the creation of new services and integration with customers as well as other platforms and products. The platform should collect all Careium's service offers and provide the hub and the common interface for customers and users. It will also replace the Company's current and former alarm-handling platforms, contributing to increased efficiency.

- Gives Careium greater weight in discussions about regulation, industry standards, etc.
- Improves Careium's position in the capital markets

Careium has a responsible business foundation, which is largely set out in our policy for business ethics. This also includes policies for quality, the environment, the work environment and information security. In addition, there is an ESG policy for providers. In addition, as of the date of this Company Description, the Group holds certifications under ISO 9001 for quality, ISO 14001 for environment and ISO 27001 for information security.



**Careium's value creation for stakeholders**

Careium, has 400,000 connected end users who rely every day on Careium's employees, services and products.

Careium's services, products, skills and employees create sustainable values by promoting security and well-being. Careium's extensive offering also creates value through the efficient utilisation of the resources available to today's health and social care.

**Organisation and employees**

Careium's organisation consists of business-owning regional units that receive support from group functions. The regional units, Sweden, Norway, the Netherlands, the United Kingdom and Export, handle sales and marketing as well as service delivery (alarm centre, field services, support functions) within their unit's area of responsibility.

The overall group functions are Product Development, Marketing & Portfolio, Operations (purchasing, warehousing/ logistics, IT, infrastructure) Finance and HR.

Careium's employees are important at every level, but are crucial for every single senior who contacts the Company's alarm centres or who uses Careium's services or products.

Careium aims to be an attractive and stimulating workplace for the wide range of professional groups that our employees represent, including engineers, developers, nurses, economists and sellers.

Careium has a flat organisation with the aim of creating good conditions for knowledge transfer, openness and creative ideas.

At the end of 2020, Careium had 205 employees at its office in Sweden and 767 employees in other countries. The proportion of women in managerial positions at the end of 2020 was approximately 58 per cent and the proportion of women in the

**Sustainability**

Careium helps seniors to live a safer and more independent life. This objective permeates everything the Company does and is a guiding principle in the Company's sustainability work. It is within social sustainability at the customer level that Careium is having the greatest impact.

Careium's goal is to contribute to a better, more sustainable, society by being the best possible provider of technology-enabled care. Careium's credible accountability is a critical success factor for the Company's business and allows Careium to be seen as a positive force in society, contributing to both sustainability and reducing social inequality.

Careium's active sustainability work has significant business consequences:

- Helps Careium in customer dialogues to live up to the ever-increasing demands of end users and direct customers
- Makes it easier to attract and retain staff

| How Careium creates value for its stakeholders |  |  |
|--|--|--|
| Stakeholder                                    | Dialogue   | How Careium creates value  |
| Careium's end users                            | Pensioners' associations. Relatives.<br>Municipal care administrations.<br>Direct dialogue during product development.       | Security and independence for 400,000 end users.   |
| Careium's direct customers                     | Requirements in public procurement.<br>Audits of SKR etc.  | Support for employees in care.<br>Resource efficiency in the use of tax revenue.<br>Quality of health and social care.   |
| Employees                                      | Daily contacts.<br>Staff appraisals.<br>Employee satisfaction survey and other surveys.                                      | Job opportunities for more than 1,000 employees.<br>Good working environment without harassment or any injustice.<br>Opportunity for personal and professional development.                              |
| Society  | Careium tracks issues that affect society, especially those relating to the elderly.<br>Annual checks of legal requirements. | Stable Company that complies with legal requirements and works in an ethical manner, including the prevention of corruption.<br>Contribution to achieving the UN's global goals.                         |
| Providers                                      | Follow-ups.<br>Audits.<br>Calls.   | Financial compensation for services and products that contribute to provision in the supply chain.<br>Workplaces in the supply chain that take human rights and environmental requirements into account. |
| Owners   | Annual general meeting.<br>Board meetings.<br>Dialogue with investors.   | Long-term financial sustainability.<br>Balanced risks, which require good governance of both finances and sustainability issues.   |

total number of employees was approximately 63 per cent.

2022 is starting out with the right conditions, a focused organisation with expertise that can strengthen the business area's position, as well as the opportunity to be the market leader in Europe.

**Strategies, goals and focus 2021–2025**

Careium's goal is to be an ambitious knowledge leader and developer in the technology-enabled care sector in Europe and it has set a number of goals and defined clear strategies for the period 2021–2025.

The Company will use its strong base in the United Kingdom, Sweden, Norway and the Netherlands to increase its market shares and has a clear strategy for growth in its core business as well as an acquisition strategy where new markets and new technology are continuously evaluated.

The goal is to be the market-leading player in individual living and an established, growing player in assisted living in all of the Company's home markets by 2025. The aim is for Careium to be the preferred partner and knowledge leader in its markets and a driving player in changing the market for technology-enabled care. With a strong position in technology with proprietary software and hardware, as well as staff knowledgeable and experienced in service delivery, the conditions for implementing the strategy are in place.

**Overall strategies and measures for the planning period**

Careium has defined a number of important strategies, measures and goals to achieve success during the planning period:

- *Increased organic growth.* Careium has strong positions in its domestic markets and good knowledge of its export markets. With a motivated sales team and a mission to be a knowledge leader in technology-enabled care, Careium will drive clear, organic growth. The Company will take a leading position in the digitisation that is imminent in many markets.

- *Innovative technology and service.* Careium is one of the few players whose offering includes the entire chain with hardware, a proprietary software platform and alarm centres. Careium's combination of innovative technology and committed employees will provide the best possible service with high efficiency. The Company also intends to offer its proprietary software platform as a service (Software as a Service, SaaS) to other service providers, mainly in countries outside of our core markets.
- *Increased number of services, increasing recurring revenue.* An expanding service offering more focused on prevention and prediction, with increased value for care providers and the end user, which contributes to increased and recurring income for the Company.
- *New customer group, expanding market.* Careium has already established leading positions in individual living (by which is meant individuals who live in their own homes) in their home markets.<sup>9</sup> Gradually, Careium is also developing offers for what are known as assisted living to care for seniors with a greater need for assistance.
- *Ongoing acquisition-driven growth and geographical expansion.* Careium has successfully expanded its geographical presence primarily through acquisitions in recent years. The Company works actively to evaluate new markets and new acquisition objects in order to continue to increase its presence in new and existing countries.
- *Comprehensive product portfolio.* By combining Careium's own products with products from third parties, the Company intends to become a comprehensive provider of technology-enabled care.
- *Engaging culture.* Careium handles challenges in seniors' lives and everyday life experience. It demands empathy, knowledge and passion. The Company cares about seniors, customers and colleagues – and the Company is driven to be an industry leader. Careium should be perceived as a positive force in society contributing to sustainability and reduced inequality.

<sup>9</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses.



# Market overview

The information about market growth, trends, size and Careium’s market position in relation to its competitors and other information stated in this Company Description is the Company’s overall assessment based on both internal and external sources. The Company’s assessment is based on a number of different sources. Any investor taking an interest in this Company Description should be aware that market forecasts and trends are changing. The Company has tried to base its assessment on the latest available information from relevant sources in order to provide as accurate a picture of the market as possible. Although the Company considers these sources to be reliable, no independent verification has been made of the sources. Therefore, the Company can not guarantee that the information on which the Company’s assessment is based is correct or complete. As far as the Company is aware, by, among other things, comparing the Company’s assessment with other information published by the third parties from which the information was obtained, no material information has been omitted that would make the reproduced information incorrect or misleading.

## Demographic drivers

As the large post-war generation reaches retirement age, the proportion of older people will increase sharply in the coming decades. This in turn means that those who are of working age will have to bear an increasingly heavy burden to cover social expenditure on our elderly.

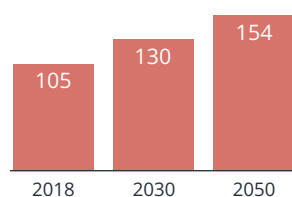
By 2040, it is estimated there will be around two tax-paying people per pensioner in Europe, compared to five tax-paying people per pensioner in 1980. A shortage of care professionals will further increase the need for effective solutions. For

example, Swedish municipalities’ costs for care for the elderly are expected to increase by 80 per cent in 30 years despite an increased focus on care at home. Time- and cost-effective technical products and services are a necessity.

At the same time, seniors want to feel vitality through the ability to live an active and independent life. The innovative desire to find new solutions that make it possible to live at home for longer is therefore of great importance when it comes to increasing the quality of life of our elderly.

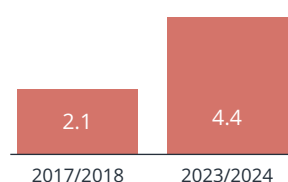
### Growing elderly population in Europe

Population aged 65+ years<sup>1</sup>



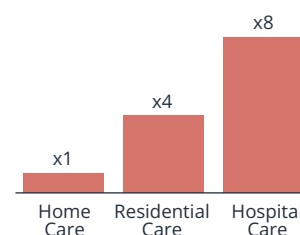
### Growing funding gap due to healthcare costs

Estimated funding gap in respect of care in England, £ billions<sup>2</sup>



### Care is frequently more costly in special accommodation and hospitals

Cost per form of accommodation<sup>3</sup>



<sup>1</sup> United Nations, Projections of mortality and causes of death, 2016 to 2060 (2018).

<sup>2</sup> The real cost of a fair adult social care system, Anita Charlesworth and Toby Watt (2019).

<sup>3</sup> Kolada (2020).

Sources: Berg Insight Connected Care in Europe 2019 and Doro’s own estimates.

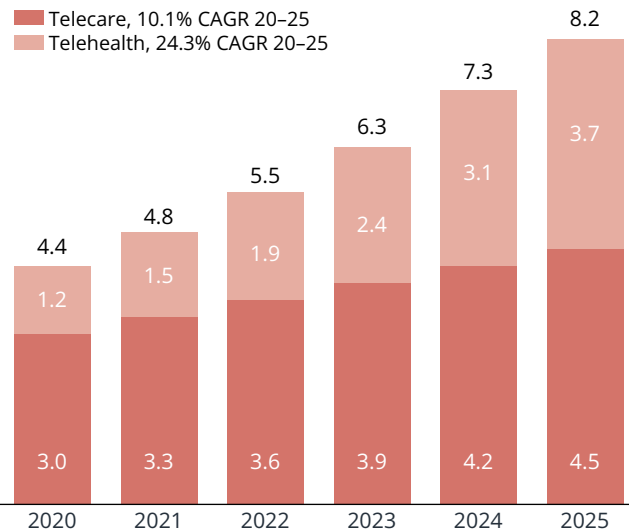
**Growth in the European market for technology-enabled care**

The addressable European market for technology-enabled care is estimated to grow at an average annual rate of more than 10 per cent over the next five years, corresponding to a market of €50 billion by 2025.<sup>1</sup> Technology-enabled care (comprising both next generation telecare and telehealth) are gaining in share and interest over traditional technologies. The currently fragmented market in most countries is expected to mature with a digital shift and transition to new solutions in technology-enabled care.

**Important drivers for growth**

1. An increased addressable market with the growing proportion of older people in the population
2. The use of technology-enabled care (penetration) is increasing
3. Increase revenue per customer as new services are introduced
4. The digital shift means that a large part of the installed base needs to be replaced

**Market outlooks<sup>1</sup>, B €**



<sup>1</sup> Berg Insight, Connected Care in Europe, 2019. Revenue data in the fields of telecare/telehealth do not overlap.

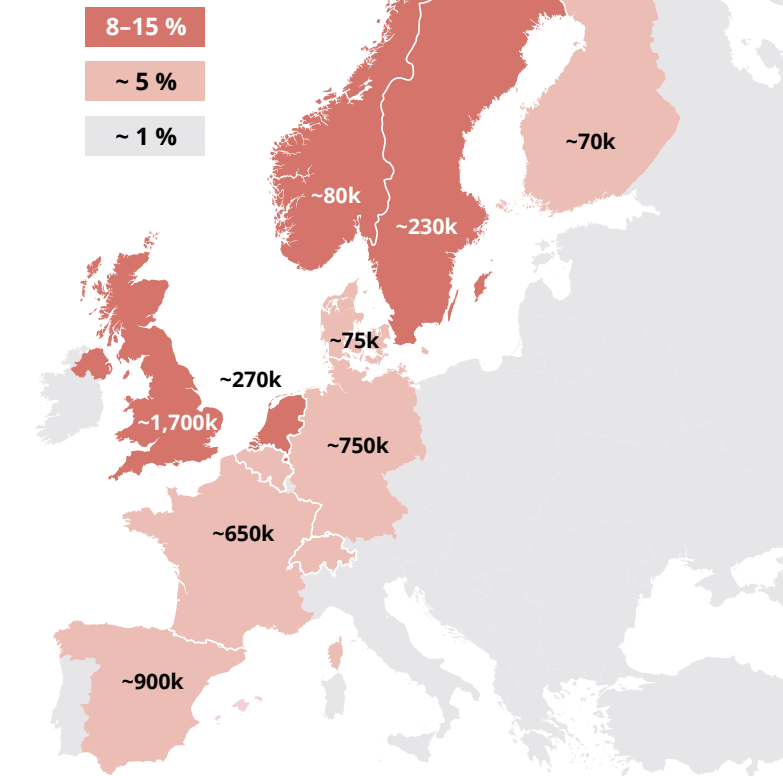
**There are 5.2 million telecare users in Europe**

At the end of 2020, there were 5.2 million telecare users in the EU 28 + 2 countries, corresponding to 5 per cent of the population aged 65 or older.

The vast majority of these still rely on analogue communication between the units and the alarm centres. Digital communication systems, with their many advantages, have so far replaced analogue systems only in the Nordic countries, but it is also predicted to do so in other countries in the coming years when digital solutions are needed for new services and the analogue networks are shut down. At the end of 2020, 4.7 million analogue telecommunications systems were in use in the EU 28 + 2.

An underlying growth in the proportion of telecare users ("penetration") in many countries is driven partly by the need to keep the elderly out of expensive health care facilities, and partly by general digitisation with increased interest, knowledge and understanding of technology also among the elderly population.

~ Number of telecare users.



Penetration refers to the proportion of telecare users in the population who are 65+.

**User density differs from country to country**

There are large variations in the use of telecare solutions and room for further growth in many parts of Europe. Countries such as the United Kingdom, Ireland, the Netherlands, Sweden and Norway have adopted policies that favour the use of telecommunications services, and the proportion of users of telecare services varies from 8 per cent to 15 per cent. In countries such as Germany and Austria, the proportion using telecare services is only 4 per cent, while it is less than 1 per cent in Italy and several Eastern European countries.

**Customer groups**

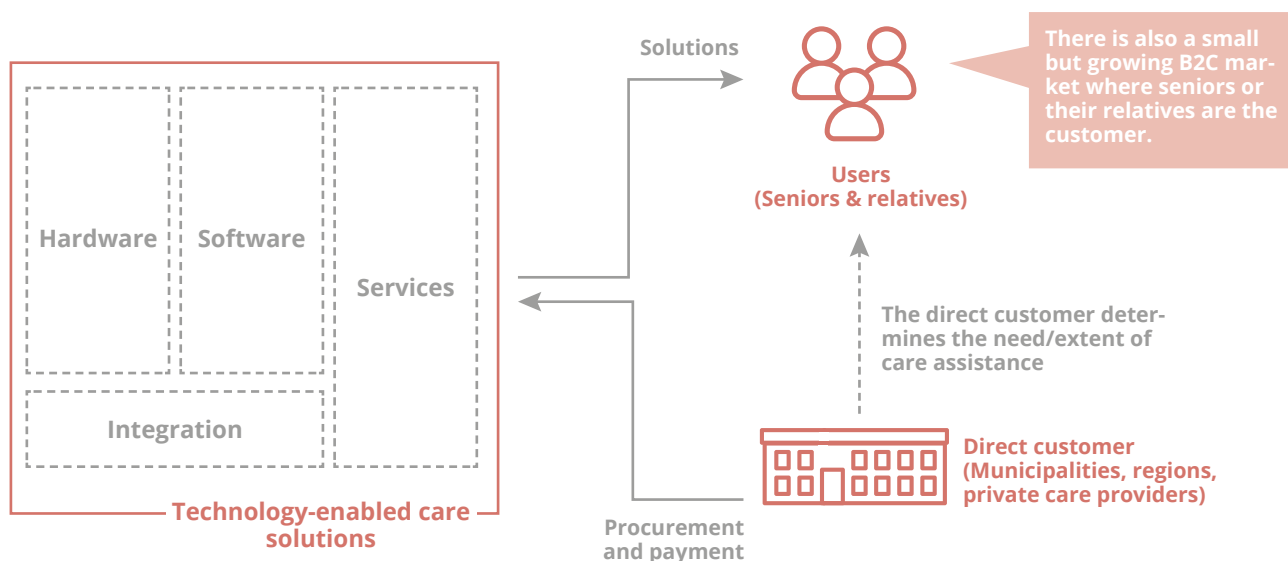
Seniors who need home assistance are a growing group who want to live an active life and who, with greater familiarity with technology, will seek new products and services that make everyday life safer and more secure. This also includes offerings that link the senior with relatives.

Careium is also gradually developing offerings for residential care homes and assisted living, where municipal or private carers provide care for seniors who are in greater need of assistance. One success factor is that these care providers already have prior knowledge of the Company, via social alarm assignments and connected seniors.

Careium's solutions are used by seniors but are prescribed from and sold mainly to public sector players.

**Careium's market presence**

Careium's goal is to be an ambitious knowledge leader in the market for technology-enabled care in Europe. The Company uses its strong base in the United Kingdom, Sweden, Norway and the Netherlands to drive organic growth but also actively stimulate geographical expansion, organically and through acquisitions.



The UK is a market with very many small private and municipal service providers. With about 13 per cent market share, Careium is one of the largest players.<sup>10</sup> The market faces digitisation as the analogue network is shut down in 2025, which is likely to transform the market. The Company's operations in the United Kingdom have grown organically in recent years and through a number of acquisitions with ongoing integration. With digitisation and the subsequent opportunity for new services, there are several interesting opportunities for continued growth, both organically and through further acquisitions.

In Sweden, Careium is a clear market leader in individual housing, where the Company handles approximately 40 per cent of the market. Sweden is a market which already switched to digitised solutions a number of years ago, but which is now starting to look more and more at new alternatives in technology-enabled care, which creates opportunities. There is also potential to expand the offering to special housing and utilise the strong position and know-how to become a leading player in this segment as well.

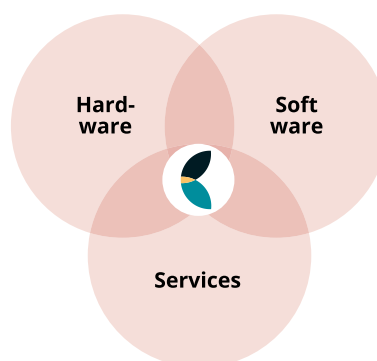
Norway is one of Careium's markets that is at the forefront of demanding new types of services, products and solutions. It places demands on us and other companies in the market to continuously further develop our offering. The Company currently has a market-leading position with close to 40 per cent market share.<sup>11</sup>

The Netherlands is the latest addition to the Company's home markets through the acquisition of Innocom in September 2021. The Netherlands is an exciting market that, together with the Nordic region, is further advanced in the introduction of new technology-enabled care, where the Company is one of the three leading players. The market also differs from other home markets in that it is driven by insurance and care providers rather than public players via public procurement.

Careium's export team focuses on selling the Company's proprietary hardware and, to a greater extent, its software platform in Germany, France, Spain and Belgium. The Company also sees that there are interesting opportunities in the future to become a provider of both hardware and software platform, which creates conditions for closer customer relationships and further sales.

### The competitive situation

The market for technology-enabled care is today relatively fragmented with many players who are specifically focused on either individual markets or offers. Major players alongside Careium in the traditional telecare market include Tunstall, Jontek and Tynetec, which have leading positions in a number of markets.



The players can be simply divided based on their offering of hardware, software and services and a combination of these. In terms of telecare, it is primarily companies such as Careium, Tunstall, Neat, Jontek and Tealarm that are slightly larger and have a more extensive European presence. On the software side,

there are several different players depending on the specialisation. The main players are those who offer a combination of alarm and service management, which includes Tunstall, Verklizan, Jontek and Careium.

Service delivery is often local, meaning that most players who deliver services to the end user often do so in one or a few markets. Those who have a more extensive European presence in service delivery are Tunstall and Careium.

The market for next-generation technology-enabled care is fragmented. In addition to the leading providers of telecare equipment, there are specialised providers and new innovation companies focusing on areas such as activity monitoring, mobile telecommunications services and monitoring of medication.

Through its combination of hardware, software platform and service delivery, Careium has a unique position in the market compared to most competitors. It creates the conditions for both developing and delivering leading offerings with a combination of technology and people.

<sup>10</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses. The market share is defined on the basis of the proportion of the total number connections in the individual market relative to the overall market and other players.

<sup>11</sup> Berg Insight, Connected Care in Europe, 2019 and the Company's analyses. The market share is defined on the basis of the proportion of the total number connections in the individual market relative to the overall market and other players.

# Financial information in summary

## Presentation of financial information

In 2021, a restructuring of the Doro Group was carried out, through which the Doro Group was divided into two separate legal structures with the intention of separating the Doro Phones and Doro Care business areas. Careium AB (publ) became the new parent company of the new group ("**Careium Group**"). The formation of the Careium Group is a common control transaction and is currently not subject to any standard under the International Financial Reporting Standards ("**IFRS**"), which means that appropriate accounting principles are to be applied in accordance with International Accounting Standards ("**IAS**") 8. An applicable and accepted method is to use previous book values (predecessor basis), which is the principle Careium has chosen to apply. For additional information on the accounting principles applied, refer to the section "*Historical financial information – Basis of preparation and accounting principles*".

The starting point for the financial statements in this Company Description is thus the financial information presented as the Doro Care operating segment in Doro's consolidated accounts for 2019 and 2020, however, with some further adjustments. The majority of the functions and processes established to make Careium an independent company, independent of the Doro Group, have been gradually established in 2021. The financial information is therefore not fully representative of the costs related to these functions and processes. The Company expects 2022 to be the first full year when costs related to new functions and processes will have their full effect. The units presented in the financial information have been verified by Careium at the time of issue of this Company Description.

Furthermore, as part of the Doro Group, Careium has not received any form of external financing. However, in 2021, the Company entered into financing agreements with external lenders, and the Company will raise these loans in connection with the planned listing. This means that with respect to the balance sheet, historical financial figures, such as interest-bearing liabilities and equity, are not representative of the content of the Company's balance sheet as of the listing date. For more information about the Company's debt, see the section "*Capital structure and other financial information*".

## Selected historical financial information

The following summary financial statements, representing full years, have been prepared in accordance with IFRS/IAS as adopted within the EU and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The summary financial statements for the first nine months of 2020 and 2021 are based on Doro's interim report for the period January-September 2021. These figures have been produced for inclusion in this Company Description and have not been audited or reviewed by the Company's auditor. Careium's financial statements for financial years 2019 and 2020, which are reproduced in their entirety in the section "*Historical financial information*", have been audited by the Company's auditor. The information provided below should be read together with Careium's financial statements for financial years 2019–2020, which are included in this Company Description (see the section "*Historical financial information*"). Apart from what is indicated above, no information in this Company Description has been reviewed or audited by the Company's auditor.

## Consolidated summary income statements

| (SEK million)                                       | NOT AUDITED     | NOT AUDITED     | AUDITED            | AUDITED            |
|---|-----------------|-----------------|--------------------|--------------------|
|   | 2021<br>Jan-Sep | 2020<br>Jan-Sep | 2020<br>Whole year | 2019<br>Whole year |
| Net sales   | 425.1           | 379.4           | 524.1              | 476.7              |
| Cost of goods and services sold                     | -250.7          | -219.4          | -306.8             | -275.9             |
| <b>Gross profit</b>                                 | <b>174.4</b>    | <b>160.0</b>    | <b>217.3</b>       | <b>200.8</b>       |
| Sales, distribution and marketing costs             | -78.7           | -61.5           | -86.4              | -85.2              |
| Research and development costs                      | -17.6           | -11.6           | -18.0              | -18.2              |
| Administrative costs                                | -72.3           | -66.4           | -88.1              | -74.9              |
| Other income and expenses                           | 3.3             | 1.6             | 3.6                | 0.1                |
| <b>Operating profit</b>                             | <b>9.1</b>      | <b>22.1</b>     | <b>28.4</b>        | <b>22.6</b>        |
| <b>Profit from financial items</b>                  |                 |                 |                    |                    |
| Net financial items                                 | -1.6            | -1.5            | -2.1               | -1.1               |
| <b>Profit before tax</b>                            | <b>7.5</b>      | <b>20.6</b>     | <b>26.3</b>        | <b>21.5</b>        |
| Income tax  | -1.9            | -5.5            | -7.5               | -9.0               |
| <b>PROFIT AFTER TAX FOR THE PERIOD</b>              | <b>5.6</b>      | <b>15.1</b>     | <b>18.8</b>        | <b>12.5</b>        |
| <b>Attributable to:</b>                             |                 |                 |                    |                    |
| <b>The parent company's shareholders</b>            | <b>5.6</b>      | <b>15.1</b>     | <b>18.8</b>        | <b>12.5</b>        |
| <b>Key figures</b>                                  |                 |                 |                    |                    |
| Average number of shares (thousands)                | 23,998          | 23,766          | 23,890             | 23,766             |
| Average number of shares after dilution (thousands) | 23,998          | 23,766          | 23,890             | 23,766             |
| Earnings per share before dilution, SEK             | 0.23            | 0.64            | 0.79               | 0.53               |
| Earnings per share after dilution, SEK              | 0.23            | 0.64            | 0.79               | 0.53               |

## Consolidated summary comprehensive income statement

| (SEK million)  | NOT AUDITED     | NOT AUDITED     | AUDITED            | AUDITED            |
|--|-----------------|-----------------|--------------------|--------------------|
|  | 2021<br>Jan-Sep | 2020<br>Jan-Sep | 2020<br>Whole year | 2019<br>Whole year |
| <b>PROFIT FOR THE PERIOD</b>   | <b>5.6</b>      | <b>15.1</b>     | <b>18.8</b>        | <b>12.5</b>        |
| Items that may be transferred to the income statement on a later date: |                 |                 |                    |                    |
| Exchange rate differences when translating foreign operations          | 8.4             | -14.8           | -18.1              | 12.2               |
| <b>Other comprehensive income</b>                                      | <b>8.4</b>      | <b>-14.8</b>    | <b>-18.1</b>       | <b>12.2</b>        |
| <b>Comprehensive income</b>  | <b>14.0</b>     | <b>0.3</b>      | <b>0.7</b>         | <b>24.7</b>        |
| <b>Attributable to:</b>  |                 |                 |                    |                    |
| <b>The parent company's shareholders</b>                               | <b>14.0</b>     | <b>0.3</b>      | <b>0.7</b>         | <b>24.7</b>        |

## Summary consolidated balance sheets

| (SEK million)             | NOT AUDITED<br>2021<br>30 Sep | NOT AUDITED<br>2020<br>30 Sep | AUDITED<br>2020<br>31 Dec | AUDITED<br>2019<br>31 Dec. |
|---------------------------|-------------------------------|-------------------------------|---------------------------|----------------------------|
| <b>ASSETS</b>             |                               |                               |                           |                            |
| <b>Fixed assets</b>       |                               |                               |                           |                            |
| Intangible assets         | 534.6                         | 440.3                         | 450.6                     | 351.0                      |
| Tangible fixed assets     | 93.7                          | 98.0                          | 96.9                      | 91.0                       |
| Financial assets          | 5.0                           | 5.0                           | 3.8                       | 5.2                        |
| Deferred tax assets       | 4.4                           | 6.3                           | 2.7                       | 4.5                        |
|                           | <b>637.7</b>                  | <b>549.6</b>                  | <b>554.0</b>              | <b>451.7</b>               |
| <b>Current assets</b>     |                               |                               |                           |                            |
| Inventory                 | 34.0                          | 39.8                          | 32.3                      | 40.6                       |
| Current receivables       | 165.8                         | 98.8                          | 98.8                      | 92.5                       |
| Cash and cash equivalents | 47.1                          | 37.9                          | 32.2                      | 53.9                       |
|                           | <b>246.9</b>                  | <b>176.5</b>                  | <b>163.3</b>              | <b>187.0</b>               |
| <b>TOTAL ASSETS</b>       | <b>884.6</b>                  | <b>726.1</b>                  | <b>717.3</b>              | <b>638.7</b>               |

| (SEK million)                       | NOT AUDITED<br>2021<br>30 Sept. | NOT AUDITED<br>2020<br>30 Sept. | AUDITED<br>2020<br>31 Dec. | AUDITED<br>2019<br>31 Dec. |
|-------------------------------------|---------------------------------|---------------------------------|----------------------------|----------------------------|
| <b>EQUITY AND LIABILITIES</b>       |                                 |                                 |                            |                            |
| Equity                              | 507.4                           | 438.7                           | 386.5                      | 383.6                      |
| Long-term liabilities               | 281.8                           | 170.2                           | 212.4                      | 123.9                      |
| Current liabilities                 | 95.4                            | 117.2                           | 118.4                      | 131.2                      |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>884.6</b>                    | <b>726.1</b>                    | <b>717.3</b>               | <b>638.7</b>               |

## Summary Consolidated Cash Flow Statements

| (SEK million)  | NOT AUDITED<br>2021<br>Jan-Sep | NOT AUDITED<br>2020<br>Jan-Sep | AUDITED<br>2020<br>Whole year | AUDITED<br>2019<br>Whole year |
|--|--------------------------------|--------------------------------|-------------------------------|-------------------------------|
| <b>CURRENT OPERATIONS</b>                                |                                |                                |                               |                               |
| Operating profit   | 9.1                            | 22.1                           | 28.4                          | 22.6                          |
| Depreciation and write-downs                             | 39.1                           | 36.0                           | 48.6                          | 43.3                          |
| Net paid financial items                                 | -1.6                           | -1.5                           | -2.1                          | -1.1                          |
| Taxes paid for the year                                  | -6.9                           | -6.4                           | -12.0                         | -11.5                         |
| Change in working capital including change in provisions | -93.1                          | -3.6                           | -19.1                         | 11.0                          |
| <b>Cash flow from operating activities</b>               | <b>-53.4</b>                   | <b>46.6</b>                    | <b>43.8</b>                   | <b>64.3</b>                   |
| Investments in intangible and tangible fixed assets      | -32.5                          | -26.3                          | -41.1                         | -45.3                         |
| <b>Total free cash flow before acquisitions</b>          | <b>-85.9</b>                   | <b>20.3</b>                    | <b>2.7</b>                    | <b>19.0</b>                   |
| Acquisitions   | -112.5                         | -31.6                          | -38.2                         | -18.7                         |
| <b>Cash flow from investing activities</b>               | <b>-145.0</b>                  | <b>-57.9</b>                   | <b>-79.3</b>                  | <b>-64.0</b>                  |
| Transactions with group companies                        | 106.9                          | 44.3                           | -8.3                          | -7.0                          |
| Amortisation of loans                                    | -11.4                          | -48.5                          | -11.6                         | -10.6                         |
| Loans from group companies                               | 116.2                          | 0.0                            | 38.5                          | 38.2                          |
| <b>Cash flow from financing activities</b>               | <b>211.7</b>                   | <b>-4.2</b>                    | <b>18.6</b>                   | <b>20.6</b>                   |
| Exchange rate difference in cash and cash equivalents    | 1.6                            | -0.5                           | -4.8                          | 0.2                           |
| <b>Change in cash and cash equivalents</b>               | <b>14.9</b>                    | <b>-16.0</b>                   | <b>-21.7</b>                  | <b>21.1</b>                   |



## Key figures in summary

| (SEK million)                       | 2021<br>Jan-Sep | 2020<br>Jan-Sep | 2020<br>Whole year | 2019<br>Whole year |
|-------------------------------------|-----------------|-----------------|--------------------|--------------------|
| <b>Net sales by market</b>          |                 |                 |                    |                    |
| Nordics                             | 201.3           | 198.3           | 265.1              | 274.9              |
| United Kingdom and Ireland          | 187.8           | 164.3           | 226.1              | 170.4              |
| Other                               | 36.0            | 16.8            | 32.9               | 31.4               |
| <b>Total</b>                        | <b>425.1</b>    | <b>379.4</b>    | <b>524.1</b>       | <b>476.7</b>       |
| <b>Other key figures</b>            |                 |                 |                    |                    |
| Number of subscriptions (thousand)* | 390.0           | 348.0           | 372.0              | 312.0              |
| Product sales                       | 87.2            | 70.4            | 105.4              | 102.3              |
| Sales of services                   | 337.9           | 309.0           | 418.7              | 374.4              |
| Investment in product development   | 19.8            | 14.6            | 21.9               | 13.4               |

\* Refers to the number of subscribing customers linked to the alarm response. This measure shows the volume of customers in the service business.

# Comments on financial developments

The information below should be read together with the section *“Financial information in summary”* and the audited financial statements for 2019 and 2020, which are included in this Company Description (see section, *“Historical financial information”*).

## Comparison between 1 January – 30 September 2021 and 1 January – 30 September 2020

### Net sales

Net sales for the period amounted to SEK 425.1 million (379.4), an increase of 12.0 per cent. Sales of services increased by 9.4 per cent to SEK 337.9 million (309.0), while product sales increased by 23.9 per cent to SEK 87.2 million (70.4).

Sales in the Nordics increased by 1.5 per cent compared with the corresponding period in 2020. The group has secured new contracts and retained a number of contracts during the period, which shows our strength in the market. As a result of the pandemic, the group's customers have experienced challenges related to resources and component shortages that have led to the delayed implementation of new contracts and lower hardware sales, which has had a negative effect on sales.

Sales in the UK and Ireland increased by 14.3 per cent compared to the first quarter of 2020. The increase in sales is mainly attributable to the acquisitions that were incorporated into the Group during the previous year. At the end of the period, we also announced the acquisition of assets from Helpline, an indication of how the group believes the market will develop with a strong shift towards digitalisation.

For other regions, sales amounted to SEK 36.0 million (16.8). The increase is mainly attributable to increased product sales and the acquisition of the Dutch company, Innocom. The acquisition puts the group in a strong growth position in the Netherlands.

### Operating costs

The gross margin for the period amounted to 41.0 per cent (42.2). The margin has been negatively impacted by higher costs for components and shipping. The costs for delivery of services have also been negatively affected by recruitment challenges, as there is a high level of competition for qualified staff in the market and increased wage costs. Careium has also incurred higher costs as a result of the implementation of a new system in the alarm centres in the United Kingdom and network-related connection problems in Norway. The Company work continuously to ensure increased efficiency in service delivery and to counteract the effects of negative events over the long term, while maintaining high quality.

Operating profit (EBIT) amounted to SEK 9.1 million (22.1). Operating profit was negatively affected by a correction of historical VAT in Norway of SEK 7.0 million and by the decreased gross margin.

### Net income

Profit after tax amounted to SEK 5.6 million (15.1).

### Cash flow and financial position

Cash flow from operating activities during the period amounted to SEK -53.4 million (46.6), which is due to a negative change in working capital compared with the corresponding period in 2020. Free cash flow, after investments but before acquisitions, amounted to SEK -85.9 million (20.3).

Investments during the period amounted to SEK 32.5 million (26.3). During the period, the group acquired the Dutch com-

pany, Innocom at SEK 70.6 million, and, as planned, settled the pension liability of SEK 41.9 million that the group took over in connection with the acquisition of Centra Pulse and Connect 2019, which are reported as acquisitions.

Cash flow from financing activities for the first three quarters of 2021 amounted to SEK 211.7 million (-4.2). Cash flow was primarily driven by intra-group transactions with Doro AB.

Total assets amounted to SEK 884.7 million (726.1) and equity amounted to SEK 507.4 million (438.7) as of 30 September 2021.

## Comparison between 2020 and 2019

### Net sales

Net sales during the year amounted to SEK 524.1 million (476.7), an increase of 9.9 percent. Service sales increased by 11.8 percent to SEK 418.7 million (374.4) and product sales increased by 3.0 percent to SEK 105.4 million (102.3).

Sales in the Nordic region decreased by 3.6 percent compared with 2019. The decrease in sales is partly due to lost contracts in Norway and a decrease in product sales. Planned projects and launches have been postponed to the future as a result of covid-19 and thus the sales increase that is expected to come with these.

Sales in the United Kingdom and Ireland increased by 32.7 per cent compared with 2019. The increase in sales is mainly due to the acquisitions that were incorporated into the Group in 2019 and 2020 (Centra Pulse and Connect, Eldercare and Careline services from Connexus Housing Group).

For other regions, sales amounted to SEK 32.9 million (31.4). The increase is mainly due to increased product sales.

### Operating costs

The gross margin for 2020 was 41.4 per cent (42.1). The margin has been negatively affected by higher costs incurred to maintain delivery of services during Covid-19 and non-recurring costs of approximately SEK 5 million, mainly attributable to inventory write-downs and bad debt losses.

Operating profit (EBIT) amounted to SEK 28.4 million (22.6). The improvement is mainly attributable to the fact that significant restructuring costs and costs related to company acquisitions were incurred in 2018, amounting to SEK 8 million, while the corresponding costs for 2020 amounted to SEK 3 million.

### Net income

Profit after tax amounted to SEK 18.8 million (12.5).

### Cash flow and financial position

Cash flow from operating activities during 2020 amounted to SEK 43.8 million (64.3), which is due to a negative change in working capital compared with the corresponding period in 2019. Free cash flow, after investments but before acquisitions, amounted to SEK 2.7 million (19.0).

Investments during 2020 amounted to SEK 41.1 million (45.3). During the year, the group acquired the Eldercare, Victrix and Careline services from Connexus Housing Group at a total of SEK 38.2 million, which are reported as acquisitions.

Cash flow from financing activities in 2020 amounted to SEK 18.6 million (20.6). Cash flow was primarily driven by intra-group transactions with Doro AB.

Total assets amounted to SEK 717.3 million (638.7) and equity amounted to SEK 386.5 million (383.6) as of 31 December 2020.

# Capital structure and other financial information

## Equity and debt

The tables below show Careium's capital structure at the Group level as of 30 September 2021. The tables in this section should be read in conjunction with the section "Comments on financial developments" and financial reports with accom-

panying notes, which can be found in the section "Historical financial information". For information about the Company's share capital and shares, please refer to the section "Shares, share capital and ownership structure".

| Capitalisation  |              |
|---|--------------|
| (SEK million)   | 30 Sep 2021  |
| <b>Total current debt (including current portion of non-current debt)</b>     | <b>95.4</b>  |
| Guaranteed*   | 0.0          |
| Secured*  | 0.0          |
| Unguaranteed/unsecured  | 95.4         |
| <b>Total non-current debt (excluding current portion of non-current debt)</b> | <b>281.8</b> |
| Guaranteed*   | 0.0          |
| Secured*  | 0.0          |
| Unguaranteed/unsecured  | 281.8        |
| <b>Shareholder equity</b>   | <b>507.4</b> |
| Share capital   | 0.0          |
| Legal reserve(s)  | 0.0          |
| Other reserves  | 507.4        |
| <b>Total</b>  | <b>884.6</b> |

\* The Group has no pledged collateral.

| Net debt   |              |
|--|--------------|
| (SEK million)  | 30 Sep 2021  |
| (A) Cash   | 47.1         |
| (B) Cash equivalents   | 0.0          |
| (C) Other current financial assets   | 9.4          |
| <b>(D) Liquidity (A)+(B)+(C)</b>   | <b>56.5</b>  |
| (E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) | 15.2         |
| (F) Current portion of non-current financial debt  | 0.0          |
| <b>(G) Current financial indebtedness (E)+(F)</b>  | <b>15.2</b>  |
| <b>(H) Net current financial indebtedness (G)-(D)</b>  | <b>-41.3</b> |
| (I) Non-current financial debt (excluding current portion and debt instruments)                                      | 232.3        |
| (J) Debt instruments   | 0.0          |
| (K) Non-current trade and other payables   | 0.0          |
| <b>(L) Non-current financial indebtedness (I)+(J)+(K)</b>  | <b>232.3</b> |
| <b>(M) Total financial indebtedness (H)+(L)</b>  | <b>191.0</b> |

## Other financial information

### Funding

Careium's largest sources of liquidity are currently, and are expected to remain, cash-flow from operating activities and external borrowing. As of 30 September 2021, Careium had interest-bearing liabilities of SEK 247 million, of which SEK 204 million consisted of intra-group liabilities to Doro. In connection with Careium's shares being admitted to trading on First North, Careium will raise external loans of approximately SEK 150 million to pay internal debts to Doro and for other customary purposes. External loans will be raised according to the credit agreement with Nordea, which will be utilised up to approximately SEK 150 million (out of a total of SEK 450 million). The above credit facility is described below. In addition, the Company has issued subordinated perpetual capital notes with a nominal amount of SEK 50 million. All notes are held by Doro.

### Credit facilities and loans

In November, Careium entered into an agreement with Nordea Bank Abp, branch in Sweden ("Nordea") regarding a revolving credit facility in SEK. The loans will be raised when Careium's share is admitted to trading. The company's credit facility consists of a revolving credit facility in SEK of SEK 450 million entered into between Careium and Nordea. The loan facility contains the standard guarantees and commitments

and does not contain any restrictions regarding dividends.

The credit facility may mature early, in full or in part, if certain events occur, including but not limited to, non-payment of amounts due, failure to meet financial obligations (so-called financial covenants) or involvement of Careium.

As security for the Company's obligations under the agreement, the Company has pledged the shares in the subsidiaries Careium Sweden AB, Careium Services AB and Doro Care AS.

In addition, the Company has issued subordinated perpetual capital notes with a nominal amount of SEK 50 million. All notes are held by Doro. The perpetual capital notes has no agreed maturity date, but Careium has the right to decide on settlement of the loan under the notes. In accordance with the terms of the notes, it will be reported as equity in Careium.

### Significant changes after the end of the reporting period

No significant events have occurred after 30 September 2021.

### Working capital statement

The Board assesses that the Company's existing working capital is sufficient for the coming twelve-month period.

### Qualifications from the Company's auditor

There are no qualifications in the auditor's report for the historical financial information covered by the Company Description.

# Board, senior executives and auditor

## Board of directors

In accordance with the Company's Articles of Association and the Swedish Companies Act, the Board shall consist of a minimum of three and a maximum of ten members. Careium's Board consists of three ordinary members, including the Chairman of the Board, who are elected for the period until the end of the 2022 Annual General Meeting.

The table below shows each board member's independence in relation to the Company, the Company's management, and in relation to major shareholders in the Company after the dividend (by which is meant shareholders who hold 10 per cent or more of the shares or votes).

| Board member:    | Independent in relation to the company and its management. | Independent in relation to major shareholders |
|------------------|--|---|
| Lennart Jacobsen | Yes  | Yes   |
| Towa Jexmark     | Yes  | Yes   |
| Cecilia Ardström | Yes  | Yes   |

### LENNART JACOBSEN

Born 1966. Chairman of the Board since 2021.

**Education:** Master of Science in Electrical Engineering and Telecommunications from the Royal Institute of Technology.

**Experience:** Lennart has served as Chairman of the Board of DORO AB, board member of Nelly Group AB and CEO of GE Money Bank Nordics. In addition, Lennart has served as EVP Head of Retail Banking at Nordea, a business that provided services to more than 10 million Nordic customers. Prior to that, Lennart held various positions within GE Capital.

**Other ongoing assignments:** Chairman of the Board of Qliro AB and Playground Group AB. President and Board member of Invesi Investment AB. Board member of Aktiebolaget Svensk Exportkredit, Swedbank Robur Fonder AB, and Oryx Holding AB.

**Shareholding in Careium (including holdings of related parties) after the distribution:** 14,000 shares.

**Independent:** Independent in relation to Careium, its company management and, at the time of the dividend, its major shareholders.

### TOWA JEXMARK

Born 1971. Board member since 2021.

**Education:** Degree in physiotherapy from Lund University and medical degree from Umeå University.

**Experience:** Towa has previously served as CEO of Capiro GO AB and board member of DORO AB.

**Other ongoing assignments:** Head of Innovation at Ramsy Gds.

**Shareholding in Careium (including holdings of related parties) after the distribution:** -

**Independent:** Independent in relation to Careium, its company management and, at the time of the dividend, its major shareholders.

### CECILIA ARDSTRÖM

Born 1965. Board member since 2021.

**Education:** Economic studies (specialisation economics) at the School of Business, Economics and Law at the University of Gothenburg.

**Experience:** Cecilia has recent experience as acting CEO of AMF Fonder AB and as a Board member of, among others, Aktiebolaget Svensk Exportkredit, AMF Fonder AB, DORO AB, Länsförsäkringar Fondförvaltning Aktiebolag and Humlegården Fastigheter AB (publ). In addition, Cecilia has experience from assignments as risk manager and COO at Folksam's asset management division and as investment manager at both Folksam Group and Länsförsäkringar AB.

**Other ongoing assignments:** Board member of Euroclear Sweden AB, Teracom AB, AMF Fonder AB, Teracom Group AB and Guldsillen AB. Personnel and IR manager at Corpia Group AB.

**Shareholding in Careium (including related parties) after the distribution:** 1,565 shares.

**Independent:** Independent in relation to Careium, its company management and, at the time of the dividend, its major shareholders.

## Senior executives

**CARL-JOHAN ZETTERBERG BOUDRIE**

Born 1978. CEO since 2021.

**Education:** Master of Science in Electrical Engineering from the Royal Institute of Technology and Master of Science in Business Administration from Stockholm University.

**Experience:** Carl-Johan has previous experience from assignments as CFO for DORO AB and Lekolar, Vice President Business Development at Beijer Electronics, and management consultant at Capgemini Consulting.

**Other ongoing assignments:** Chairman of the Board of Careium Sweden AB, Doro Incentive AB, Calan Consulting AB and Stallkvarven AB. CEO of DORO AB. President and Board member of Careium Services AB.

**Shareholding in Careium (including holdings of related parties) after the distribution:** 20,060 shares.

**MATHIAS CARLSSON**

Born 1970. CFO since 2021.

**Education:** Master of Science in Business and Economics from Växjö University.

**Experience:** Mathias has previous experience as an authorised public accountant at PwC.

**Other ongoing assignments:** Chairman of the Board of Velloma AB and Head of Financial Control at DORO AB.

**Shareholding in Careium (including holdings of related parties) after the distribution:** 1,500 shares.

**ANNIKA RAMSING**

Born 1972. CHRO since 2021.

**Education:** Bachelor's degree in behavioural science at Lund University.

**Experience:** Annika has previous experience from assignments as Group HR Manager for TwentyFourSevenGroup AB, HR Manager for 3DK and HRBP for Grontmij AB.

**Other ongoing assignments:** CHRO for DORO AB

**Shareholding in Careium (including holdings of related parties) after the distribution:** 1,946 shares.

**JONAS NORBERG**

Born 1972. CTO since 2021.

**Education:** Master of Science in Electrical Engineering from Lund University.

**Experience:** Jonas has previously served as Director at Axis Communications AB, Site Manager and Senior Director at BlackBerry Sweden and COO at TAT The Astonishing Tribe.

**Other ongoing assignments:** CTO at DORO AB

**Shareholding in Careium (including holdings of related parties) after the distribution:** -

**ULRIK NILSSON**

Born 1971. COO since 2021.

**Education:** Electrical-technical secondary education.

**Experience:** -

**Other ongoing assignments:** Operations Director, IT/IS Director and VP Operations at DORO AB.

**Shareholding in Careium (including holdings of related parties) after the distribution:** 1,963 shares.

**JOHAN HELGERTZ**

Born 1970. Head of Portfolio and Marketing since 2021.

**Education:** Master's degree in business administration at Lund University.

**Experience:** Johan has previous experience in the role of senior business developer at Sony, Product Director and Head of Portfolio Innovation at Sony Mobile.

**Other ongoing assignments:** -  
**Shareholding in Careium (including holdings of related parties) after the distribution:** 2,150 shares.

**MARTIN PUUMALAINEN**

Born 1969. Regional Manager Sweden since 2021.

**Education:** Bachelor's Degree in Law from Lund University.

**Experience:** Martin has previous experience as Country Manager Sweden at Lekolar, Group Purchasing Manager at Arriva Scandinavia A/S and consulting through MP Consulting.

**Other ongoing assignments:** Regional Manager Sweden for DORO AB.

**Shareholding in Careium (including holdings of related parties) after the distribution:** -

**ARVID BAKKEN**

Born 1972. Regional Manager Norway since 2021.

**Education:** Authorised nurse from Lovisenberg Diaconal University College (LDUC) and ambulance driver from Falkenskolen.

**Experience:** Arvid has previously served as a nurse.

**Other ongoing assignments:** Sales Manager, Operations Manager and Team Leader at Doro Care Norway.

**Shareholding in Careium (including holdings of related parties) after the distribution:** -

**PETER SHIRLEY**

Born 1958. Regional Manager International since 2021.

**Education:** Business studies at the University of Sheffield.

**Experience:** Peter has previously served as sales manager at Attendo Systems Ltd and as sales and marketing manager at Possum Controls Ltd-Group. In addition, Peter has worked as sales and operations manager at Telealarm Care Ltd.

**Other ongoing assignments:** -

**Shareholding in Careium (including holdings of related parties) after the distribution:** 10,000 shares.

**JAN VERASDONCK**

Born 1957. Regional Manager the Netherlands since 2021.

**Education:** Qualified electrical engineer.

**Experience:** Jan has over 30 years experience working as an electrical engineer. In addition, Jan founded the company Incom Bureau voor Bedrijfscommunicatie BV in which he also held the position of CEO.

**Other ongoing assignments:** -

**Shareholding in Careium (including holdings of related parties) after the distribution:** -

### **Other information regarding the Board and senior executives**

There are no family ties between members of the Board of directors and/or senior executives of the Company.

No special agreement has been reached between major shareholders, customers, suppliers or other parties according to which an executive has been elected to the Board or appointed to another senior position.

As far as the Company is aware, no board member or senior executive has any interest that may be in conflict with the Company's interest, nor are there any potential conflicts of interest due to the private interests and/or other commitments of board members or senior executives. As stated above, however, a number of board members and senior executives have financial interests in the Company through shareholdings.

No board member or senior executive has been convicted in any fraud-related case in the past five years. No board member or senior executive has been involved in any legal process due to bankruptcy or liquidation in the past five years, with the exception of voluntary involvement in such proceedings. Nor has there been any allegations and/or sanctions against any of the above persons by an authority empowered by law, including regulated professional organisations, and none of the above have been legally prohibited of becoming a member of a corporate management group, supervisory body, or assuming an executive management role in any issuer's board or management team.

No board member or senior executive has entered into an agreement with the Company or its subsidiaries on benefits after the termination of their assignment.

In connection with the distribution of Careium being executed, ongoing assignments for Doro will now be completed for the relevant senior executives in Careium.

The Company's board and senior executives can be reached via the Company's postal address: Jörgen Kocksgatan 1 B, 211 20 Malmö.

### **Remuneration to the board and senior executives**

#### ***Remuneration to board members***

The fees and other remuneration of the members of the Board of Directors, including the Chairman, are determined by the General Meeting. At the Extraordinary General Meeting on 17 November 2021, it was resolved that annual fees to the Board shall be paid in the following amounts for the period from 22 November 2021 until the end of the next Annual General Meeting: (i) SEK 600,000 to the Chairman of the Board and SEK 250,000 each to the other members of the Board who are not employees of the Company, and (ii) SEK 80,000 to the Chairman of the Audit Committee, SEK 40,000 to a member of the Audit Committee, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to a member of the Remuneration Committee.

The directors of the Company are not entitled to any benefits once they have resigned as directors.

#### ***Remuneration to senior executives***

No remuneration has been paid by Careium to senior executives during the financial year 2020.

### Auditors

Öhrlings Pricewaterhouse Coopers AB, with address Anna Lindhs Plats 4, 211 19 Malmö, is Careium's auditor. Johan Rönnbäck, authorised accountant and member of FAR (institute for the accountancy profession in Sweden), is the principal auditor. Johan Rönnbäck was elected auditor on 11 March 2021 for the period until the end of the Annual General Meeting in 2022. Öhrlings PricewaterhouseCoopers AB, with principal auditor Magnus Willfors, was Doro's auditor during the period reported under the financial history, as presented in this Company Description.



# Corporate governance

The Swedish Corporate Governance Code (“**the Code**”) applies to Swedish limited companies whose securities are admitted to trading on a regulated market in Sweden, currently Nasdaq Stockholm and NGM Equity. The Company is thus not formally covered by the Code, as the Company's shares are not intended to be admitted to trading on a regulated market. The Board has currently chosen not to apply the Code.

## General information about Careium

Careium is a Swedish public limited company. The company's governance is based on the Articles of Association, the Swedish Companies Act, the Annual Accounts Act, First North's regulations and other applicable regulations. Careium is governed through several bodies. At the General Meeting, the shareholders exercise their voting rights, for example, to influence the composition of the Board and to elect auditors. The Board's duties are established in part by Careium's CEO. The CEO is responsible for and leads the day-to-day operations in accordance with the Board's guidelines.

## General Meeting

The General Meeting is the highest decision-making body in a limited liability company. It is at the General Meeting that all shareholders can exercise their voting rights and decide on matters that affect the Company and its operations. The Swedish Companies Act and the Articles of Association stipulate how the Annual General Meeting and Extraordinary General Meeting shall be convened and who has the right to participate and vote at the General Meeting.

The Annual General Meeting shall be held within six months after the end of the financial year. At the Annual General Meeting, resolutions are made on the adoption of the income statement and balance sheet for the Company, allocation of the profit or loss for the year according to the approved balance sheet, discharge from liability for the Board and the CEO for the financial year, appointment of board members and auditor, and remuneration to board members and auditor according to the law and articles of association.

All shareholders who are directly registered in the share register kept by Euroclear Sweden six banking days before the General Meeting and who have notified the Company of their intention to participate in the General Meeting no later than the date stated in the notice convening the General Meeting have the right to participate. Shareholders can attend the General Meeting in person or by proxy and can also be accompanied by assistants.

## The Board

The Board is the highest decision-making body after the General Meeting and also the highest executive body. The Board shall continuously assess the Company's financial situation and ensure that the Company's organisation is designed in such a way that the accounting, management of funds, and the company's financial circumstances are otherwise controlled in a satisfactory manner. According to the Swedish Companies Act, the Board is responsible for the Company's organisation and management of the Company's affairs.

The company's board members are elected at the Annual General Meeting for the period until the end of the next Annual General Meeting. Careium's Articles of Association do not contain any restrictions regarding the eligibility of Board members. According to the Articles of Association, the Board shall consist of a minimum of three and a maximum of ten members.

The Board decides on issues concerning the Company's business focus, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments and annual reports, as well as other general issues of a strategic nature. In addition, the Board takes up and decides on other matters that fall outside the scope of responsibility of the CEO. The Board shall also ensure that the Company's disclosure of information is characterised by openness and that it is correct, relevant and reliable. In addition, the Board's tasks include appointing, evaluating and, if necessary, dismissing the CEO.

The Board has adopted rules of procedure for its work which, among other things, contain rules for the number of ordinary Board meetings, matters to be dealt with at ordinary Board meetings, the Chair's duties and instructions regarding the division of responsibilities between the Company's Board and CEO. The Rules of Procedure, which are decided annually by the Board, also contain instructions on which financial reports and which financial information must be submitted to the Board.

The Board has established a Remuneration Committee and an Audit Committee. The Audit Committee consists of Cecilia Ardström (Chairman) and Towa Jexmark, and has been set up with the main task of preparing the Board's work to ensure the quality of financial reporting. The Remuneration Committee consists of Lennart Jacobsen (Chairman) and Towa Jexmark, and has been set up to consider issues relating to remuneration of the CEO and other senior executives.

## The CEO and senior executives

The Company's CEO, Carl-Johan Zetterberg Boudrie, is subordinate to the Board and is responsible, in accordance with the Swedish Companies Act, for the day-to-day management of the Company's affairs in accordance with the Board's guidelines and instructions.

The Board of Directors has established instructions for the CEO to clarify the responsibilities and powers of the CEO (“**CEO instructions**”). The Board shall continuously evaluate the work of the CEO. According to these instructions, the CEO shall also provide the Board with the information and decision-making information required for the Board to be able to fulfil its duties to manage the Company's affairs and continuously monitor operations. The CEO shall, within the framework of the Swedish Companies Act and the business plan, budget and CEO instructions established by the Board, as well as other guidelines and instructions issued by the Board, make the necessary decisions in the day-to-day management of the company.

The CEO and senior executives, with the support of various staff functions, are responsible for ensuring compliance with the Company's overall strategy, financial and business controls, financing, capital structure, risk management and acquisitions. This includes the establishment of financial statements as well as communicating with and providing information to investors.

## Nomination committee

At the Extraordinary General Meeting of Careium on 17 November 2021, a resolution was adopted on the principles for the composition and work of the Nomination Committee of the Company, which shall apply until a resolution is adopted to change them by the General Meeting.

The Nomination Committee shall consist of three (3) members representing the Company's largest shareholders in terms of voting rights. The Chairman of the Board of Directors

of the Company shall be an adjunct to the Nomination Committee.

For the 2022 AGM, the Nomination Committee shall consist of representatives of Accendo Capital (RBC Investor Services Bank S.A), Nordea Fonder and Rite Ventures, which were the three largest shareholders by voting rights in Careium's parent company Doro as of the last trading day in September 2021, and are thus expected to be the three largest shareholders in the Company by voting rights after the implementation of the distribution of all shares in the Company as resolved at an extraordinary general meeting of Doro on 22 November 2021. The Chairman of the Board of Directors of the Company shall convene the Nomination Committee as soon as possible after the first day of trading in the Company's share on the Nasdaq First North Growth Market.

The majority of the members of the Nomination Committee shall be independent of the Company and its executive management. The CEO or any other member of the executive management shall not be a member of the Nomination Committee. At least one of the members of the Nomination Committee shall be independent of the largest shareholder or group of shareholders in the Company with voting rights who act in concert on the governance of the Company.

In the event that any of the three largest shareholders chooses to waive its right to appoint a representative to the Nomination Committee, or fails to do so within one week of the aforementioned contact, the right shall pass to the shareholder, of the ten largest shareholders, who next had the largest shareholding in Doro as of the last trading day in September 2021. At least two representatives are required. If, due to an abstention, three representatives are not appointed from among the ten largest shareholders, a position will remain vacant unless it is filled at a later date by the representative of an eligible shareholder.

The names of the shareholder representatives and the names of the shareholders they represent shall be made public as soon as the Nomination Committee is formed. The term of office of the Nomination Committee shall be until the appointment of a new Nomination Committee. The chair of the Nomination Committee shall be the representative of Accendo Capital (RBC Investor Services Bank S.A.), unless the members agree otherwise.

The Nomination Committee shall remain unchanged unless:

- a member wishes to resign early, in which case such request shall be sent to the chairman of the Nomination Committee (or, in the case of the chairman wishing to resign, to another member of the Nomination Committee),
- a nominating shareholder wishes to replace its representative on the Nomination Committee with another person, in which case such request (containing the two relevant names) shall be sent to the Chairman of the Nomination Committee (or, in the case of the Chairman to be replaced, to another member of the Nomination Committee),
- a nominating shareholder is no longer one of the three largest shareholders in terms of voting power, in which case a new member shall be appointed in accordance with the same principles as above; or
- the Nomination Committee decides in its free choice to offer unfilled seats on the Nomination Committee to a shareholder or shareholder representative in order for the Nomination Committee to reflect the ownership structure of Careium.

If a member leaves the Nomination Committee before its work is completed, the Nomination Committee shall appoint a new member in accordance with the principles above, but on the basis of Euroclear's printout of the share register as soon as possible after the member has left his or her post. Any change in the composition of the Nomination Committee shall be announced immediately.

No remuneration shall be paid to the members for their work on the Nomination Committee. If necessary, the Company shall be able to meet reasonable costs for the work of the Nomination Committee and for external consultants deemed necessary by the Nomination Committee to enable the Nomination Committee to carry out its duties.

The Nomination Committee shall submit proposals to the Annual General Meeting on the matters set out below:

- election of the chairman of the meeting,
- number of Board members,
- election of the chairman and members of the Board,
- the remuneration of the Board of Directors with a breakdown between the Chairman of the Board and the other members and, where appropriate, remuneration for committee work,
- the election of the auditor or auditors,
- the remuneration of the Company's auditor, and
- to the extent deemed necessary, changes in the principles for the appointment of the Nomination Committee and instructions to the Nomination Committee.

In the case of a general meeting other than an annual general meeting, the proposal of the nomination committee shall include the election or elections to take place at the general meeting.

# Shares, share capital and ownership structure

## Share capital and shares

As of the date of preparation of the Company Description, the company's registered share capital amounts to SEK 506,832.41, divided into 24,326,214 shares, each with a quota value of approximately SEK 0.021. The shares in the Company have been issued in accordance with Swedish legislation and are denominated in Swedish kronor (SEK). The shares in the Company are only issued in one class of shares and have been issued in accordance with Swedish law. All issued shares are fully paid up and are freely transferable. According to the Company's Articles of Association, the share capital shall not be less than SEK 500,000 and shall not exceed SEK 2,000,000,

divided into no less than 20,000,000 shares and not more than 80,000,000 shares.

As far as the Board is aware, there are no shareholder agreements or similar agreements aimed at creating a joint influence over the Company. For information on the shareholdings of Board members and senior executives, see the section "*Board of Directors, senior executives and auditor*".

## Share capital development

The table below shows the share capital development since the Company was formed.

| Year | Event                         | Number of shares |            | Share capital (SEK) |            | Quota value (SEK) |
|------|-------------------------------|------------------|------------|---------------------|------------|-------------------|
|      |                               | Change           | Total      | Change              | Total      |                   |
| 2017 | New formation                 | 5,000            | 5,000      | 500,000             | 500,000    | 100               |
| 2021 | Reverse share split           | -4,999           | 1          | -                   | 500,000    | 500,000           |
| 2021 | Share split                   | 23,998,281       | 23,998,282 | -                   | 500,000    | 0.021             |
| 2021 | New share issue <sup>12</sup> | 327,932          | 24,326,214 | 6,832.41            | 506,832.41 | 0.021             |

## Authorisation

The Extraordinary General Meeting on 4 October 2021 resolved to authorise the Board to, on one or more occasions during the period until the next Annual General Meeting, decide on a new issue of shares with or without deviation from the shareholders' preferential rights. By virtue of the authorisation, the Board may decide on a new issue of a maximum of 2,399,828 shares, which corresponds to approximately 10 per cent of the total number of outstanding shares in the Company. In addition to cash payment, payment shall be possible through non-cash consideration or through set-off, with certain conditions. The purpose of the authorisation is to give the Board flexibility in the work of ensuring that the Company can adequately provide capital for company and business acquisitions. The authorisation shall also enable the Board of Directors to make decisions on directed new issues to a potential owner of an acquisition object or to a new investor. New share issues that take place in deviation from the shareholders' preferential rights shall take place at a market-based subscription price, including a market issue discount if applicable.

## Warrants, convertibles and other equity-related instruments

There are no outstanding warrants, convertibles or other equity-related instruments that have been issued by the Company.

## Shareholder rights

The company's shares are issued in accordance with Swedish law, and the rights afforded to shareholders by virtue of share ownership can only be changed by an amendment to the Articles of Association in accordance with the Swedish Companies Act. Resolutions on amendments to the Articles of Association are made by the General Meeting; the Swedish Companies Act

sets out certain qualified majority requirements in order for such resolutions made at the General Meeting to be valid.

## Voting rights

The shareholders' influence in the Company is exercised at the General Meeting, which, in accordance with the Swedish Companies Act, is the Company's highest decision-making body. Each share in the Company entitles the shareholder to one vote at the General Meeting, and shareholders are entitled to the number of votes that corresponds to the number of shares they hold in the Company.

## Preferential rights

If the Company issues new shares, warrants or convertibles, the shareholders in the Company have, as a general rule, a preferential right to subscribe for such shares pro rata in proportion to their holdings. The Annual General Meeting, or the Board of Directors, with the support of authorization from the Annual General Meeting, may, however, decide to deviate from the shareholders' preferential rights in accordance with the Swedish Companies Act.

## Right to dividend and surplus in the event of liquidation

All shares are fully paid and provide shareholders with an equal right to a share in Careium's assets and profits. In the event of a liquidation of Careium, shareholders are entitled to a share of the surplus in proportion to the number of shares held.

Ownership of shares in Careium entitles the shareholder to a dividend on the first occasion on the record date for the dividend, which is payable immediately after the dividend in Doro has been paid. Resolutions on dividends are made by the General Meeting. Anyone registered as a holder of

<sup>12</sup> Rights issue at quota value in order to achieve the same number of shares as in Doro (excluding treasury shares held by Doro).

shares in the share register kept by Euroclear on the record date for dividends determined by the General Meeting is entitled to receive the dividend. If shareholders cannot be contacted through Euroclear for receipt of the dividend, the shareholder's claim on Careium remains and is only limited by regulations regarding the statute of limitations. In the event the statute of limitations expires, the dividend amount goes to Careium.

Neither the Swedish Companies Act nor the Company's Articles of Association contain restrictions regarding the right of shareholders outside Sweden to receive dividends. With the exception of any limitations relating to banking and clearing systems in relevant jurisdictions, payment is made to such shareholders in the same way as for shareholders domiciled in Sweden. For shareholders who are subject to limited tax liability in Sweden, however, normal Swedish coupon tax is payable (see the section "Specific tax issues").

#### **Rules for takeover bids, etc.**

In the event that a public takeover bid is submitted for the shares in the Company when the shares are admitted to trading on First North, the Takeover rules for certain trading platforms shall apply for such an offer, as of the date of this Company Description ("**Takeover rules**").

If the Board of Directors or the CEO of the Company, due to information originating from the party intending to submit a public takeover bid for the shares in the Company, has a well-founded reason to assume that such an offer is imminent, or if such an offer has been made, according to the "Takeover rules", the company will only take measures that are likely to impede the offer or execution of the offer after a resolution by the General Meeting. Notwithstanding the above, the company may seek alternative offers.

In the event of a public takeover bid, shareholders are free to decide whether they wish to sell their shares. Following a public takeover bid, the party that submitted the bid may, under certain conditions, be entitled to redeem the remaining shareholders' shares in accordance with the rules on compulsory redemption in Ch. 22 of the Swedish Companies Act. The shares in the Company are not subject to any offer made as a result of mandatory bid rules, buy-out rights or sell-out rights. No public takeover bids have been submitted for the shares during the current or previous financial year.

#### **Central securities depository**

The company's shares are registered in a CSD register in accordance with the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479); therefore, no physical share certificates have been issued or will be issued. The register is maintained by Euroclear Sweden, Box 191, 101 23 Stockholm. All rights attached to the shares belong to the party registered in the share register maintained by Euroclear.

#### **Trading in the Company's share**

The Company has applied for the Company's shares to be admitted to trading on First North. The first trading day on First North is expected to be around December 10 2021. The share has an ISIN code SE0017131824 and the short name CARE.

#### **Dividend policy**

No dividend payments are expected in the next few years. No dividend has been paid during the last two financial years; (2020 and 2019). In considering future dividend proposals, the Board will consider several factors, including the Company's operations, operating profit and financial position, current and expected liquidity needs, expansion plans, contractual restrictions and other significant factors.

### **Ownership**

#### **Shareholding in Careium before the dividend**

Prior to the dividend, Careium is a wholly owned subsidiary of Doro.

| Owners       | Share of capital (%) | Percentage of votes (%) | Number of shares  |
|--------------|----------------------|-------------------------|-------------------|
| DORO AB      | 100                  | 100                     | 24,326,214        |
| <b>Total</b> | <b>100</b>           | <b>100</b>              | <b>24,326,214</b> |

#### **Shareholding in Careium after the dividend**

The table presented below shows the assessed shareholdings in Careium after Doro's dividend on the shares in the Company based on information from Euroclear about shareholders whose holdings amounted to at least five per cent of the number of shares or votes in Doro as of 30 September 2021, taking into account known changes after that date.

| Owners                                  | Share of capital (%) | Percentage of votes (%) | Number of shares  |
|---|----------------------|-------------------------|-------------------|
| RBC INVESTOR SERVICES BANK S.A.         | 16.56                | 16.56                   | 4,027,372         |
| NORDEA NORDIC SMALL CAP FUND            | 11.13                | 11.13                   | 2,707,552         |
| RITE INTERNET VENTURES HOLDING AB       | 10.22                | 10.22                   | 2,486,572         |
| LAZARD FRERES BANQUE, W8IMY             | 6.77                 | 6.77                    | 1,648,050         |
| FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION | 6.52                 | 6.52                    | 1,585,721         |
| <b>Other shareholders</b>               | <b>48.74</b>         | <b>48.74</b>            | <b>11,856,891</b> |
| <b>Total</b>                            | <b>100</b>           | <b>100</b>              | <b>24,326,214</b> |

# Articles of association

The Articles of Association for Careium AB (publ) adopted at the Extraordinary General Meeting on 4 October 2021.

## Section 1 Company name

The company name is Careium AB (publ).

## Section 2 Registered office of the Board

The board shall have its registered office in Malmö municipality.

## Section 3 Operations

The company will develop and sell products and services in welfare technology and safety solutions and related activities.

## Section 4 Share capital

The share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

## Section 5 Number of shares

The number of shares in the company shall be a minimum of 20,000,000 and a maximum of 80,000,000.

## Section 6 Board of Directors

The board shall consist of a minimum of three (3) and a maximum of ten (10) members with a maximum of ten (10) deputy members.

## Section 7 Auditors

The company shall have one (1) or two (2) auditors with a maximum of two (2) deputy auditors. An authorised public accountant or a registered auditing company shall be appointed as auditor.

## Section 8 General Meetings

A General Meeting can be held in Malmö municipality or in Stockholm municipality.

The Annual General Meeting shall be held within six months after the end of the financial year. The following matters shall be raised at the Annual General Meeting:

1. Election of chair of the meeting.
2. Establishment and approval of the voting list.
3. Selection of one or two persons to verify the minutes.
4. Determination of whether the meeting has been duly convened.
5. Approval of the agenda.
6. Presentation of annual report and auditor's report and, if applicable, consolidated accounts and consolidated auditor's report.
7. Decisions on:
  - a. approval of the income statement and balance sheet and, if applicable, the consolidated income statement and consolidated balance sheet;
  - b. allocations of the company's profit or loss according to the adopted balance sheet;
  - c. discharge of liability for board members and the CEO.

8. Determination of fees for the members of the Board and the auditors.

9. Determination of the number of board members and deputy board members as well as auditors and deputy auditors.

10. Election of the board and any deputy board members as well as auditors and any deputy auditors.

11. Other matters that come before the meeting in accordance with the Swedish Companies Act or the Articles of Association.

## Section 9 Notice

Notice of the General Meeting shall be given by advertising in Post- och Inrikes Tidningar and posting the information on the company's website. Notification that a notice of the Annual General Meeting has been given must also be announced in Dagens Industri.

Shareholders who wish to participate in the General Meeting must be included in a printout or other presentation of the entire share register on the record date for the General Meeting, which is determined in accordance with the Swedish Companies Act, and must notify their intention to participate no later than the date stated in the notice convening the General Meeting. The latter date may not be a Sunday, a public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth working day before the General Meeting.

Shareholders may bring one or two assistants to a General Meeting, provided that the shareholder has provided notice to this effect in accordance with the preceding paragraph.

## Section 10 Collection of proxies, postal voting and attendance of outsiders at General Meetings

The Board may collect proxies in accordance with the procedure specified in Chapter 7, Section 4, second paragraph of the Swedish Companies Act.

Prior to the General Meeting, the Board may resolve that the shareholders shall be able to exercise their voting rights by post before the General Meeting in accordance with what is stated in Chapter 7, Section 4 a of the Swedish Companies Act.

The Board of Directors may decide that anyone who is not a shareholder in the company shall, under the terms determined by the Board, have the right to attend or otherwise follow the proceedings of the General Meeting.

## Section 11 Financial year

The company's financial year shall be 1 January - 31 December.

## Section 12 Record day provision

The company's shares shall be registered in a CSD register in accordance with the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

# Legal considerations and supplementary information

## General information

The company, with company name and trading name Careium AB (publ), corporate registration number 559121-5875, is a Swedish public limited company that was formed in Sweden on 8 August 2017 and registered with the Swedish Companies Registration Office on 14 August 2017. The company's LEI designation is 6367001JL5KLOOP2CW41. The company's business name, Careium AB (publ), was registered with the Swedish Companies Registration Office on 15 April 2021. The company is domiciled in Sweden and the Board is based in Malmö municipality. Careium's address is Jörgen Kocksgatan 1 B, 211 20 Malmö, Sweden, its telephonenumber is +46 10 482 90 00 and its website is [www.careium.com](http://www.careium.com) (other information on the Company's website is not included in this Company

Description and does not constitute a part of this Company Description unless this information is included in the Company Description as a reference). The Company's form of association is regulated by the Swedish Companies Act (2005: 551), and its business activities are conducted in accordance with the same act. The purpose of the Company's operations is stated in Section 3 of its Articles of Association; see also the section "*Articles of association*" above.

## Group structure

The Company is the parent company in the Group, which as of the date of this Company Description, consists of eleven directly or indirectly wholly owned subsidiaries in addition to the parent company.

| Name  | Corp. reg. no. | Registered office           | Ownership share held by the immediate parent company (%) | The company's cumulative ownership interest (%) |
|---|----------------|-----------------------------|--|---|
| Careium Sweden AB                               | 556569-9740    | Malmö, Sweden               | 100%   | 100%  |
| Careium Services AB                             | 559304-5957    | Malmö, Sweden               | 100%   | 100%  |
| Doro Care AS                                    | 999 238 424    | Oslo, Norway                | 100%   | 100%  |
| Doro Care GmbH                                  | HRB 6783       | Taunus, Germany             | 100%   | 100%  |
| Victrix SocSan S. L                             | B87664504      | Madrid, Spain               | 100%   | 100%  |
| Innocom Bureau Voor Bedrijfscommunicatie BV Itd | 17176384       | Leende, The Netherlands     | 100%   | 100%  |
| Greencoat House Ltd                             | 08626194       | East Sussex, United Kingdom | 100%   | 100%  |
| Doro Care UK Ltd                                | 08666755       | East Sussex, United Kingdom | 100%   | 100%  |
| Invicta Telecare Ltd                            | 04133585       | East Sussex, United Kingdom | 100%   | 100%  |
| Eldercare UK Ltd                                | 02163445       | East Sussex, United Kingdom | 100%   | 100%  |
| Caretech Sales UK Ltd                           | 07766454       | East Sussex, United Kingdom | 100%   | 100%  |

## Significant agreements

### Separation agreement

Doro and Careium have entered into an intra-group asset transfer agreement on 1 July 2021. Under the agreement, Careium will take over all assets, rights, liabilities and obligations related to Doro's business area, Doro Care, and its products and services for security and care solutions. The purchase price amounted to Doro's book value of net assets as of 30 June 2021.

The agreement provides that Careium shall indemnify Doro for obligations related to the transferred business arising after closing and Doro shall indemnify Careium for obligations related to the remaining business arising after closing.

In the agreement, both Doro and Careium undertake not to engage directly in activities that compete with the other's core business.

In addition, Doro and Careium have entered into an intra-group transfer agreement on 1 July 2021 for the subsidiaries of the Doro Care business area. The purchase price for the shares amounts to the book value in Doro of the respective companies.

### Subordinated perpetual capital notes

In November 2021, Careium issued subordinated perpetual capital notes with a nominal amount of SEK 50 million. All notes are held by Doro. The subordinated perpetual capital notes has no maturity date and runs at a market-based annual interest rate of 5.5 percent, to be paid quarterly. Careium has a unilateral right to cancel the interest payments, which are then accumulated until payment is made. Careium also has the right to repay all or part of the loan, including accrued interest, with 20 days' notice. The terms of the subordinated perpetual capital notes mean that the loan must, in accordance with the companies' accounting principles (IFRS), be reported as a long-term receivable in Doro and as equity in Careium.

### Revolving credit facility

In November 2021, Careium entered into an agreement regarding a credit facility in SEK with Nordea. The loans will be raised when Careium's share is admitted to trading on First North. The company's credit facility consists of a revolving credit facility of SEK 450 million, entered into between Careium



and Nordea. The loan facility contains the standard guarantees and commitments and does not contain any restrictions regarding dividends. The credit facility may mature early, in full or in part, if certain events occur, including but not limited to, non-payment of amounts due, failure to meet financial obligations (so-called financial covenants) or insolvency of Careium. As security for the Company's obligations under the agreement, the Company has pledged the shares in the subsidiaries Careium Sweden AB, Careium Services AB and Doro Care AS.

#### **Framework agreement**

The company has entered into a temporary framework agreement with Adda AB (formerly SKL Kommentus Inköpscentral AB) ("**Adda**") regarding social alarms and alarm response. Adda is owned by the Swedish Association of Local Authorities and Regions (SKR) and a majority of Sweden's municipalities, and is tasked with offering public sector agreements and services in the public procurement process. The temporary framework agreement was entered into after one of the suppliers Adda originally intended to enter into the ordinary framework agreement in 2020 suffered from delivery-related issues under the corresponding 2015 framework agreement. Pending further investigation of the supplier's delivery shortcomings, Adda entered into the temporary framework agreement on unchanged terms with other suppliers, including the Company. In 2021, the supplier was excluded from the procurement process after Adda's investigation. The temporary framework agreement is valid until 10 June 2022 or when the regular framework agreement "Social alarms and alarm response 2019", the procurement of which is currently under review, comes into force. On 29 October 2021, the Administrative Court in Stockholm rejected the application for review. The Administrative Court of Appeal in Stockholm notified on 8 November that the ruling in the case has been appealed.

The temporary and regular framework agreements have the same terms and conditions and cover, among other things, digital stationary social alarms and alarm response. With the support of the agreement, a large number of public actors can make call-off orders on the goods and services covered by the agreement. Thereafter, suppliers who are a part of the framework agreement have the opportunity to submit tenders, after which the tenders are evaluated and one supplier will be awarded the contract. The agreement can be terminated by Adda with two months' notice.

#### **Customer agreement**

The Group has entered into a large number of customer agreements, mostly with publicly funded actors in Sweden, Norway, the UK, Germany and Spain. In Sweden, the agreements have mainly been entered into after call-offs under the framework agreements that Adda has procured, currently "Social Alarms and Alarm response 2019". The contract period usually varies between six (6) months and four (4) years, and usually includes an option for the client to extend the contract for one (1) or two (2) years.

#### **MUNICIPALITY OF OSLO**

Doro Care AS entered into a contract with the Municipality of Oslo on 21 July 2014 for the purchase of social alarms and

new welfare technology. The agreement is subject to public procurement rules and is based on the standard agreement "Statens standardavtaler, Lille kjøpsavtale (SSA-K lille, versjon av 2015)". The agreement covers digital social alarms for indoor use, digital social alarms with GPS for outdoor use and combined digital social alarms with GPS and telephone, in addition to services related to implementation and testing. The agreement was concluded for a period of two (2) years, with the possibility for the municipality to extend the contract for a total of two (2) years. Due to a delayed contract start-up, the agreement originally ran until 27 April 2019, after utilising the opportunity for extension. The agreement was then partially renewed and is now valid until further notice on unchanged terms, but can be terminated by either party with a notice period of six (6) months.

On 3 December 2015, Doro Care AS entered into an agreement with the Municipality of Oslo for home social alarm services, covering the reception and follow-up of alarms, including responsibility for emergency response, operation and maintenance, and follow-up services. The agreement is subject to public procurement rules and is based on the standard agreement "Statens standardavtaler, Lille kjøpsavtale (SSA-K lille, versjon av 2015)". The agreement was concluded for a period of three (3) years, with the possibility for the municipality to extend the contract for a total of (2) years. The agreement has since been renewed on unchanged terms and currently runs until 27 October 2023, with automatic extensions totalling six (6) plus six (6) months, but no later than 27 October 2024, unless terminated by the municipality with six (6) months' notice.

In addition, Doro Care AS entered into an operating agreement with the Municipality of Oslo on 12 January 2018 in which the establishment and operation of an alarm centre with 3,600 units is included, an agreement that is based on the standard agreement "Statens standardavtaler, Driftsavtalen (SSA-D versjon av 2015)" (State standard agreements, Operating agreements (SSA-D version, 2015)). The start date for the agreement was 27 April 2018, and the original term was one (1) year with the option for the municipality to extend by one (1) additional year. The agreement has since been renewed on unchanged terms and currently runs until 27 October 2023, with automatic extensions totalling six (6) plus six (6) months, but no later than 27 October 2024, unless terminated by the municipality with six (6) months' notice.

#### **Transfer agreement**

##### **INVICTA TELECARE LTD**

On 2 September 2019, Doro Care UK Ltd entered into an agreement to acquire all of the outstanding shares of Invicta Telecare Limited ("**Invicta**" or "**Centra Pulse and Connect**") from Clarion Housing Group, for a purchase price of approximately SEK 60 million on a debt-free basis. Centra Pulse and Connect is one of the three largest alarm centres in the UK for social alarms.

##### **ELDERCARE UK LTD**

On 11 August 2020, Doro Care UK Ltd completed the acquisition of all outstanding shares in Eldercare (UK) Ltd ("**Eldercare**") from a number of private individuals, for a purchase

price of GBP 2.2 million on a debt free basis. Eldercare provides welfare technology and emergency and traditional home care in the UK.

#### VICTRIX SOCSAN SL

On 30 September 2020, Doro AB completed an acquisition of all outstanding shares in Victrix Socsan, S.L. ("**Victrix**") from Victrix CEO, Joseph Killen, and Connectis ICT Services Spanish Holding, S.L. for a purchase price of SEK 14.8 million and 232,744 shares in Doro. Victrix was transferred to Careium in connection with the separation from Doro. An additional consideration will be paid if certain significant and defined sales targets are achieved within a three-year period. The Company estimates that the additional purchase price will amount to SEK 42.9 million. Victrix is active in Spain and provides a digital cloud-based healthcare platform.

#### CARELINE

On 14 October 2020, Doro Care UK Ltd acquired the assets comprising the Careline business ("**Careline**") from Connexus Housing Group for a purchase price of GBP 615,000. Careline provides technology-based wellbeing services in the UK.

#### FIRSTCALL 24/7

On 1 February 2021, Doro Care UK Ltd acquired the assets comprising the FirstCall 24/7 business ("**FirstCall**") from Trent & Dove Housing for a purchase price of GBP 1 on a debt-free basis. FirstCall manages social alarms and provides home and emergency services in the UK.

#### INNOCOM BUREAU VOOR BEDRIJFSCOMMUNICATIE B.V.

On 31 August 2021, Careium completed an acquisition of all shares in Innocom Bureau voor Bedrijfscommunicatie B.V. ("**Innocom**") from Inknowhow Holding B.V. for a purchase price of SEK 72 million on a debt-free basis. An additional purchase price will be paid by Careium under certain conditions. The Company estimates that the additional purchase price will amount to SEK 4.4 million. Innocom is active in the welfare technology market in the Netherlands.

#### HELPLINE

On 30 September 2021, Doro Care UK Ltd acquired the assets that make up the Helpline business ("**Helpline**") of the Housing Association Bromford for a purchase price of GBP 1 on a debt-free basis. Helpline provides technology enabled care to customers in the UK.

#### Employees

As of 31 December 2020, the Careium business within Doro had 972 employees.

#### Insurance

The Group holds customary insurance for the industry and the Board assesses that the Group's current insurance coverage is satisfactory with regard to the nature and scope of the Company's operations.

#### Disputes and legal matters

##### *Ongoing dispute with Municipality of Luleå*

On 18 February 2021, Doro AB applied to the Administrative Court of Luleå for review of an agreement dated 26 November 2020 between the Municipality of Luleå and SOS Alarm under the Public Procurement Act (2006:1145). Doro seeks a decla-

ration that the agreement is void on the grounds that it was concluded without prior advertising, without any reason for doing so, and that it therefore constitutes an unlawful direct award. The contract covers, inter alia, the provision of reception and switching services for social alarms and the provision of security telephones and other monitoring equipment. As of the date of this Company Description, no decision has yet been made in the case.

##### *Ongoing dispute with Tunstall*

The Company's subsidiary Victrix has an ongoing dispute with Tunstall Group Holdings Limited and Tunstall Group Limited (collectively "**Tunstall**") regarding alleged infringement of Tunstall's patented protocol for communication between telecare devices and a platform. Victrix has referred in a quotation to the customer to the compatibility of the platform with this protocol. Accordingly, in December 2020, Victrix received a written request from Tunstall to immediately cease use of the protocol. Victrix informed Tunstall in February 2021 that it had only referred to the protocol in a quotation and had not implemented it at the current customer for the platform. Tunstall did not accept either the declaration or the request for a licence and claimed that Victrix continued to infringe. An action was therefore brought against both Victrix and the customer of Victrix; on 7 April 2021 before the Court of Madrid and on 20 May 2021 before the Court of Brussels respectively, seeking, inter alia, damages which, in the opinion of Victrix's counsel, in the event that Tunstall is fully successful, amount to a maximum of EUR 10,000.

#### Certifications

As of the date of this Company Description, the Group holds certifications under ISO 9001 for quality, ISO 14001 for environment and ISO 27001 for information security.

#### Intellectual property rights

The company owns five registered trademarks, three EU trademarks and two Swedish national trademarks. In addition, the Company has two pending EU trademark applications for which no oppositions have been filed as of the date of this Company Description. The objection period for these applications expires on 12 January 2022. The Company does not otherwise have any registered intellectual property rights such as patents or designs, other than the domains careium.se and careium.nu, which are registered with the Company's subsidiary Careium Sweden AB.

As of the date of this Company Description, the Company is not aware of any infringement, restriction or similar circumstance that may affect the Company's material intellectual property rights.

#### Related party transactions

Other than intra-group transactions, the Company has not carried out transactions with any related parties during the period covered by the historical financial information in the Company Description.

After the distribution of Careium has been completed Doro will, for a transitional period, provide Careium premises and office equipment through subletting and Careium will provide Doro with a common IT infrastructure within the premises, for which the companies share costs in relation to utilization. The Company has also entered into a distribution agreement with Doro which gives the Company a non-exclusive right to distrib-

ute Doro's products within the countries Careium is active. The agreement runs until further notice with a six (6) month notice period. The Company has further issued subordinated perpetual capital notes with a nominal amount of SEK 50 million. All notes are held by Doro. (see the section "*Legal considerations and supplementary information – Significant agreements – Subordinated perpetual capital notes*").

#### **Certified Adviser and legal advisor**

FNCA is the Company's Certified Adviser. In connection with the listing, Törngren Magnell & Partners Advokatfirma KB is the Company's legal advisor. Törngren Magnell & Partners Advokatfirma KB receives compensation on an ongoing basis for services rendered in connection with the listing. In addition, FNCA and Törngren Magnell & Partners Advokatfirma KB have no financial or other interests in connection with the listing.

#### **Information from third parties**

Certain information in this Company Description has been obtained from outside sources. The Company has accurately reproduced such information, and as far as the Company is aware and can insure by comparison with other information published by the third parties from which the information was obtained, no information has been omitted in a way that would cause the information to be incorrect or misleading. However, the Company has not performed an independent verification of the information provided by third parties; therefore, the completeness or accuracy of the information presented in the Company Description can not be guaranteed.

#### **Documents incorporated by reference**

The following documents are incorporated in this Company Description by reference and thus constitute a part of this Company Description. The parts of the following documents that are not incorporated are either not relevant to investors or are reproduced elsewhere in the Company Description.

- Doro's annual report for financial year 2019: page 36 (Income statement and statement of comprehensive income), page 37 (Balance sheet), page 38 (Statement of changes in equity), page 39 (Cash flow statement), pages 45-66 (notes) and pages 69-71 (Auditor's report).
- Doro's annual report for financial year 2020: page 53 (Income statement and statement of comprehensive income), page 37 (Balance sheet), page 54 (Statement of changes in equity), page 56 (Cash flow statement), pages 62-84 (notes) and pages 91-93 (Auditor's report).
- Doro's interim report for the period January-September 2021, including the corresponding comparison period 2020: page 9 (Income statement and statement of comprehensive income), page 10 (Balance sheet and cashflow analysis), page 11 (Capital), page 15 (notes) and page 19 (Auditor's report).

The present Company Description will be available in electronic form on the Company's website [www.careium.com](http://www.careium.com) during the period of validity of the Company Description. Other information on the Company's website is not incorporated in this Company Description and does not constitute part of this Company Description unless this information is incorporated in the Company Description through references. The Articles of Association are also available on the website. The certificate of incorporation can be obtained from the Swedish Companies Registration Office.

# Specific tax issues

Below is a summary of certain tax issues related to the distribution of the shares in Careium to the shareholders in Doro and the listing of shares in Careium. It does not claim to be a complete analysis of all tax issues regarding the distribution, neither in Sweden nor in other countries. The taxation of each individual shareholder depends on the shareholders' particular conditions and the tax legislation of the country in which the shareholder resides. Each shareholder should therefore consult their tax adviser regarding the specific tax consequences that may arise in the individual case. This summary is based on applicable legislation at the time of this Company Description and does not cover any retroactive changes.

## Specific tax issues in Sweden

Below is a summary of specific Swedish tax consequences that may arise due to the decision to distribute the shares in Careium to the shareholders in Doro. The summary is based on current legislation, is only intended as general information, and only applies to taxable natural persons and limited companies in Sweden, unless otherwise stated. The summary is not comprehensive and does not include, for example, shares held by trading companies or held as inventory assets in business operations, the particular rules for tax-free capital gains and dividends in the corporate sector that may apply when shareholders hold shares that are considered business-related, shares held via certain special forms of investment, such as through a so-called investment savings account or endowment insurance, the particular rules that may in some cases apply to shares in companies that are or have been limited companies or to shares acquired with the support of such shares, the particular rules that may apply to physical persons who make or return an investor deduction, foreign companies that conduct business from a permanent establishment in Sweden, or foreign companies that have been Swedish companies. Special tax rules also apply to certain types of taxpayers, such as investment companies, mutual funds and insurance companies, as well as situations that are considered to constitute abuse. The taxation of each individual shareholder thus depends on the shareholder's particular situation. Each shareholder should therefore analyse the tax consequences of the transaction on the basis of their own particular conditions, including the applicability and effect of foreign rules and tax treaties.

## Taxation on the dividend of the shares in Careium

**Swedish shareholders** are usually subject to income tax on dividends in the form of dividends in kind (e.g. in the form of shares) based on the market value of the distributed shares. For limited companies, the tax rate is 20.6 per cent for financial years beginning on or after 1 January 2021. For natural persons, the tax rate is 30 per cent.

**Foreign shareholders** are instead subject to a withholding tax on dividends of 30 per cent based on the market value of the distributed shares. Such a withholding tax on dividends may be reduced or eliminated by applying the applicable double taxation agreement.

If the criteria are met for a so-called Lex ASEA dividend (as defined in Swedish legislation), the dividend on shares is instead completely exempt from both Swedish income tax and a withholding tax on dividends. Doro's management's assessment is that the shares in Careium should meet the requirements for a Lex ASEA dividend.

In the event of a Lex ASEA dividend, the overhead amount (i.e. the amount that can be deducted when calculating capital gains) for the Doro shares will be divided between these shares and the shares received in Careium. The distribution of the overhead amount will be determined as a percentage based on the change in value of the shares in Doro that arises as a result of the dividend of the shares in Careium. Doro will request general advice from the Swedish Tax Agency regarding how the overhead amount is to be distributed.

## Shares in Careium

The summary below is based on the fact that the shares in Careium will be listed and that the shares are considered to be market-listed for tax purposes.

### Natural persons

**Dividend:** As the shares in Careium will be listed after the Lex ASEA dividend, future dividends from Careium received by natural persons will be treated as capital income and will be subject to a tax rate of 30 per cent. A preliminary tax corresponding to 30 per cent is usually imposed on dividends to unlimited taxable natural persons in Sweden.

**Capital gains:** When listed shares are sold or otherwise disposed of, a taxable capital gain or a deductible capital loss may arise. Capital gains are taxed in the income category capital at a tax rate of 30 per cent. The capital gain or capital loss is calculated as the difference between the sales compensation, after deduction of sales costs, and the overhead amount. The overhead amount for all shares of the same variety and type is calculated jointly using the average method. The acquisition cost, and thus the overhead amount, for the shares received in Careium through the dividend from Doro is calculated on the basis of the general advice from the Swedish Tax Agency mentioned above. A taxpayer may also choose to have the overhead amount for the sale of listed shares determined according to a standard method, i.e. to 20 per cent of sales revenue after deductions for sales costs.

**Capital losses** on listed shares are normally fully deductible against taxable capital gains on listed and unlisted shares and against other listed co-ownership rights. Capital losses that cannot be offset in this way may be deducted by up to 70 per cent against other income in the income category capital. If a deficit arises in the income category capital, a tax reduction is allowed against municipal and state income tax as well as against property tax and municipal property tax. Tax reduction is allowed at 30 per cent of the part of the loss carried over that does not exceed SEK 100,000 and at 21 per cent of the re-

maintaining part that exceeds SEK 100,000. A deficit in the income category capital cannot be saved for subsequent tax years.

#### **Limited company**

For a Swedish limited company, all income, including taxable capital gains and dividends, is taxed in the income category economic activity. The tax rate is 20.6 per cent for financial years beginning on or after 1 January 2021. Capital gains and capital losses are calculated in the same way as described above for natural persons. Deductible capital losses on shares may only be deducted against taxable capital gains on co-ownership rights. Under certain conditions, companies within a group may, if there is a group premium right, set off capital gains and capital losses among themselves. A capital loss that cannot be utilised in a certain year may be saved and set off against taxable capital gains on co-ownership rights during a subsequent tax year.

#### **Foreign shareholders**

**Dividends** relating to listed shares will as a starting point be subject to Swedish withholding tax on dividends. The withholding tax on dividends amounts to 30 per cent but is often reduced for shareholders who are tax resident in a country with which Sweden has a double taxation agreement. In Sweden, the deduction for withholding tax on dividends is normally executed by the designated central securities depository (e.g. Euroclear) or, for nominee-registered shares, by the nominee. In cases where 30 per cent withholding tax on dividends is withheld when paying to a person who is entitled to be taxed at a lower tax rate or too much withholding tax on dividends has otherwise been withheld, a refund can be requested from the Swedish Tax Agency before the end of the fifth calendar year after the dividend.

**Capital gains** are not normally taxable in Sweden for shareholders who are subject to limited tax liability in Sweden and whose shareholding is not attributable to a permanent establishment in Sweden. Shareholders may, however, be subject to taxation in their country of residence. According to a particular rule, however, natural persons who are subject to limited tax liability in Sweden may be subject to Swedish taxation on the sale of shares if they have at any time during the year of sale or during any of the previous ten calendar years been resident in Sweden or permanently resided in Sweden. The applicability of this rule may be limited by tax agreements between Sweden and other countries.

# Historical financial information

Financial Information for the Financial Years 2019–2020.

## Consolidated Income Statements

| SEK million   | Note     | 2020         | 2019         |
|---|----------|--------------|--------------|
| Net sales   | 2,3      | 524.1        | 476.7        |
| Cost of goods and services sold                         |          | -306.8       | -275.9       |
| <b>Gross profit</b>                                     |          | <b>217.3</b> | <b>200.8</b> |
| Sales, distribution and marketing costs                 |          | -86.4        | -85.2        |
| Research and development costs                          |          | -18.0        | -18.2        |
| Administration costs                                    |          | -88.1        | -74.9        |
| Other income and expenses                               | 2        | 3.6          | 0.1          |
| <b>Operating Profit</b>                                 | 4, 5, 29 | <b>28.4</b>  | <b>22.6</b>  |
| <b>Profit from Financial Items</b>                      |          |              |              |
| Financial income  | 6        | 0.3          | 0.3          |
| Financial costs   | 6        | -2.4         | -1.4         |
| <b>Profit Before Tax</b>                                |          | <b>26.3</b>  | <b>21.5</b>  |
| Income tax  | 17       | -7.5         | -9.0         |
| <b>PROFIT FOR THE YEAR</b>                              |          | <b>18.8</b>  | <b>12.5</b>  |
| <b>Attributable to:</b>                                 |          |              |              |
| <b>The Parent Company's Shareholders</b>                |          | <b>18.8</b>  | <b>12.5</b>  |
| <b>Key figures</b>                                      |          |              |              |
| Average number of shares (thousands)                    | 11       | 23,890       | 23,766       |
| Average number of shares by dilution effect (thousands) |          | 23,890       | 23,766       |
| Earnings per share before dilution, SEK                 |          | 0.79         | 0.53         |
| Profit per share after tax, SEK                         |          | 0.79         | 0.53         |

## Consolidated Statements of Comprehensive Income

| SEK million   | 2020         | 2019        |
|---|--------------|-------------|
| <b>PROFIT FOR THE YEAR</b>                                    | <b>18.8</b>  | <b>12.5</b> |
| Items that may later be transferred to the income statement:  |              |             |
| Exchange rate differences when translating foreign operations | -18.1        | 12.2        |
| <b>Other comprehensive income</b>                             | <b>-18.1</b> | <b>12.2</b> |
| <b>Total result</b>   | <b>0.7</b>   | <b>24.7</b> |
| <b>Attributable to:</b>                                       |              |             |
| <b>The Parent Company's Shareholders</b>                      | <b>0.7</b>   | <b>24.7</b> |

**Consolidated Balance Sheet**

| <b>SEK million</b>                           | <b>Note</b> | <b>2020</b>  | <b>2019</b>  |
|--|-------------|--------------|--------------|
| <b>ASSETS</b>                                |             |              |              |
| <b>Fixed assets</b>                          |             |              |              |
| Goodwill                                     | 7           | 339.5        | 288.2        |
| Customer register and distribution agreement | 7           | 34.1         | 32.3         |
| Brands                                       | 7           | 1.1          | 1.7          |
| Balanced expenses for development work       | 7           | 75.9         | 28.8         |
| Right-to-use assets                          | 4           | 47.7         | 33.3         |
| Equipment, tools and rented equipment        | 8           | 49.2         | 57.7         |
| Long-term receivables                        | 4           | 3.8          | 5.2          |
| Deferred tax assets                          | 17          | 2.7          | 4.5          |
|  |             | <b>554.0</b> | <b>451.7</b> |
| <b>Current Assets</b>                        |             |              |              |
| Inventory                                    | 19          | 32.3         | 40.6         |
| Accounts receivable                          | 23          | 64.1         | 59.0         |
| Other receivables                            | 4, 10       | 5.6          | 5.1          |
| Prepayments and accrued income               | 10          | 29.1         | 28.4         |
| Cash and cash equivalents                    | 12, 23      | 32.2         | 53.9         |
|  |             | <b>163.3</b> | <b>187.0</b> |
| <b>TOTAL ASSETS</b>                          |             | <b>717.3</b> | <b>638.7</b> |



| SEK million                                   | Note | 2020         | 2019         |
|---|------|--------------|--------------|
| <b>EQUITY AND LIABILITIES</b>                 |      |              |              |
| <b>Equity</b>                                 |      |              |              |
| Share capital                                 | 11   | 0.0          | 0.0          |
| Other contributed capital                     |      | 0.0          | 0.0          |
| Reserve                                       |      | -9.1         | 9.0          |
| Balanced profits                              |      | 395.6        | 374.6        |
| <b>Total Equity</b>                           |      | <b>386.5</b> | <b>383.6</b> |
| <b>LONG-TERM LIABILITIES</b>                  |      |              |              |
| <b>Interest-Bearing Liabilities</b>           |      |              |              |
| Provision for pensions                        | 21   | 40.3         | 44.1         |
| Liabilities to credit institutions            | 24   | 1.4          | 0.0          |
| Leasing liabilities                           | 4    | 33.8         | 22.7         |
| Liabilities to group companies                |      | 91.9         | 53.4         |
| <b>Total Interest-Bearing Liabilities</b>     |      | <b>167.4</b> | <b>120.2</b> |
| <b>Non-Interest-Bearing Liabilities</b>       |      |              |              |
| Other provisions                              | 22   | 4.1          | 3.7          |
| Other long-term liabilities                   | 18   | 40.9         | 0.0          |
| <b>Total Non-Interest-Bearing Liabilities</b> |      | <b>45.0</b>  | <b>3.7</b>   |
| <b>CURRENT LIABILITIES</b>                    |      |              |              |
| <b>Interest-Bearing Liabilities</b>           |      |              |              |
| Leasing liabilities                           | 4    | 13.9         | 10.6         |
| <b>Total Interest-Bearing Liabilities</b>     |      | <b>13.9</b>  | <b>10.6</b>  |
| <b>Non-Interest-Bearing Liabilities</b>       |      |              |              |
| Provision for guarantees                      | 20   | 0.2          | 0.0          |
| Accounts payable                              |      | 31.2         | 33.9         |
| Liabilities to group companies                |      | 15.7         | 38.0         |
| Other debts                                   |      | 16.3         | 11.4         |
| Current tax liabilities                       |      | 0.2          | 1.2          |
| Accrued expenses and prepaid income           | 13   | 40.9         | 36.1         |
| <b>Total Non-Interest-Bearing Liabilities</b> |      | <b>104.5</b> | <b>120.6</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |      | <b>717.3</b> | <b>638.7</b> |

**Consolidated Reports on Changes in Equity**

| SEK million   | Share capital | Other Contributed Capital | Reserve <sup>1</sup> | Balanced profits | Total Equity |
|---|---------------|---------------------------|----------------------|------------------|--------------|
| <b>Equity 31 December 2018</b>                                    | <b>0.0</b>    | <b>0.0</b>                | <b>-3.2</b>          | <b>369.1</b>     | <b>365.9</b> |
| Profit for the year   |               |                           |                      | 12.5             | 12.5         |
| Other comprehensive income  |               |                           | 12.2                 |                  | 12.2         |
| <b>Total result</b>   | <b>0.0</b>    | <b>0.0</b>                | <b>12.2</b>          | <b>12.5</b>      | <b>24.7</b>  |
| Other transactions with shareholders                              |               |                           |                      | -7.0             | -7.0         |
| <b>Total Transactions with Shareholders</b>                       | <b>0.0</b>    | <b>0.0</b>                | <b>0.0</b>           | <b>-7.0</b>      | <b>-7.0</b>  |
| <b>Equity 31 December 2019</b>                                    | <b>0.0</b>    | <b>0.0</b>                | <b>9.0</b>           | <b>374.6</b>     | <b>383.6</b> |
| Profit for the year   |               |                           |                      | 18.8             | 18.8         |
| Other comprehensive income  |               |                           | -18.1                |                  | -18.1        |
| <b>Total result</b>   | <b>0.0</b>    | <b>0.0</b>                | <b>-18.1</b>         | <b>18.8</b>      | <b>0.7</b>   |
| Other transactions with shareholders                              |               |                           |                      | 2.2              | 2.2          |
| <b>Total Transactions with Shareholders</b>                       | <b>0.0</b>    | <b>0.0</b>                | <b>0.0</b>           | <b>2.2</b>       | <b>2.2</b>   |
| <b>Equity 31 December 2020</b>                                    | <b>0.0</b>    | <b>0.0</b>                | <b>-9.1</b>          | <b>395.6</b>     | <b>386.5</b> |
| <b>1) Specification of reserves</b>                               |               |                           |                      | <b>2020</b>      | <b>2019</b>  |
| Accumulated translation differences at the beginning of the year  |               |                           |                      | 9.0              | -3.2         |
| This year's translation differences                               |               |                           |                      | -18.1            | 12.2         |
| <b>Accumulated Translation Differences at the End of the Year</b> |               |                           |                      | <b>-9.1</b>      | <b>9.0</b>   |
| <b>Total Reserves at the End of the Year</b>                      |               |                           |                      | <b>-9.1</b>      | <b>9.0</b>   |

**Consolidated Cash-Flow Analyses**

| SEK million  | Note       | 2020         | 2019         |
|--|------------|--------------|--------------|
| <b>OPERATING ACTIVITIES</b>  |            |              |              |
| Operating Profit   |            | 28.4         | 22.6         |
| <b>Adjustments for Items not Included in the Cash-Flow</b>                   |            |              |              |
| Changes in provisions  | 20, 21, 22 | -0.4         | 1.0          |
| Depreciation and impairments   | 7, 8, 29   | 48.6         | 43.3         |
| <b>Total Items not Affecting Cash-Flow</b>                                   |            | <b>48.2</b>  | <b>44.3</b>  |
| Interest received  |            | 0.3          | 0.3          |
| Paid interest  |            | -2.4         | -1.4         |
| Taxes paid during the year   | 17         | -12.0        | -11.5        |
| <b>Cash-Flow from Operating Activities Before Changes in Working Capital</b> |            | <b>62.5</b>  | <b>54.3</b>  |
| <b>Changes in Working Capital</b>  |            |              |              |
| Change in inventory  | 19         | 9.3          | -8.7         |
| Change in operating receivables  |            | -0.8         | 2.9          |
| Change in non-interest-bearing liabilities                                   |            | -27.2        | 15.8         |
| <b>Cash-Flow from Operating Activities</b>                                   |            | <b>43.8</b>  | <b>64.3</b>  |
| <b>INVESTMENT ACTIVITIES</b>   |            |              |              |
| Business acquisitions  | 18         | -38.2        | -18.7        |
| Acquisition of intangible assets   | 7          | -24.5        | -15.3        |
| Acquisition of tangible fixed assets   | 8          | -16.6        | -30.0        |
| <b>Cash-Flow from Investing Activities</b>                                   |            | <b>-79.3</b> | <b>-64.0</b> |
| <b>FINANCING ACTIVITIES</b>  |            |              |              |
| Transactions with group companies  |            | -8.3         | -7.0         |
| Repayment of loans   | 27         | -11.6        | -10.6        |
| Loans from group companies   | 27         | 38.5         | 38.2         |
| <b>Cash-Flow from Financing Activities</b>                                   |            | <b>18.6</b>  | <b>20.6</b>  |
| <b>This Year's Cash-Flow</b>   |            | <b>-16.9</b> | <b>20.9</b>  |
| Cash and cash equivalents at the beginning of the year                       |            | 53.9         | 32.8         |
| Exchange rate difference in cash and cash equivalents                        |            | -4.8         | 0.2          |
| <b>Cash and Cash Equivalents at the End of the Year</b>                      | 23         | <b>32.2</b>  | <b>53.9</b>  |

# Notes

## Note 1 Basis for Preparation and Accounting Principles

### Basis for Establishment

Due to the decision by Doro AB's Board on 29 October 2021 to propose at an Extraordinary General Meeting to distribute Careium AB (publ) (Careium) via a so-called Lex Asea, these consolidated financial reports have been prepared for this Company Description, as Careium's shares are intended to be admitted for trading on Nasdaq First North Growth Market.

These consolidated financial reports for Careium are prepared in accordance with International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) as adopted within the EU and the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups.

The consolidated financial statements cover the financial years ended 31 December 2019 and 2020. Careium applies the acquisition value method when valuing assets and liabilities unless otherwise stated below. All amounts are stated, unless otherwise stated, in Swedish million kronor (SEK million).

The formation of the Careium Group is a transaction under joint control and is currently not covered by any IFRS, which means that an appropriate accounting principle must be applied in accordance with IAS 8. An applicable and accepted method is to use previously booked values (predecessor basis), which is the principle that Careium has chosen to apply.

The financial statements have been prepared based on the financial information reported for the above units for consolidated accounting purposes in Doro AB, which is Careium's parent company. The financial statements are thus an aggregation of this financial information and are presented as if the units had been a group from the time they had been part of the Doro Group. The accounting principles follow the accounting principles presented in Doro AB's consolidated accounts for the financial year 2020, which are found below, and mean that the units' assets and liabilities are presented with the book values for the highest level of joint control (that is Doro AB) for the periods included in this financial report.

This financial report is also Careium's first financial report prepared in accordance with IFRS. In view of the above, IFRS 1 has no effect on the valuation of assets and liabilities.

The consolidated financial statements were authorised for issue by the Board of Directors on November 30 2021.

Due to the fact that it is not only legal entities that have been transferred in connection with the formation of the Careium Group, in preparing the financial statements, in addition to the principles used to determine which assets, liabilities, income and expenses as well as cash-flows are to be included in the consolidated financial statements, the following considerations have been made:

### Allocation of Income and Expenses

A prerequisite for preparing consolidated financial statements is that income and expenses as well as assets and liabilities are based on items that can be identified. Doro has had an internal cost allocation where key costs, including IT, finance and HR functions as well as other staff costs, have been charged to the operating segments, which means that related costs for Careium have been included in the consolidated financial reports.

### Remuneration to senior executives

Due to the fact that there was no appointed management group for Careium during the periods covered by these consolidated financial reports, no special information is presented

regarding remuneration to senior executives. Board fees have also not been paid.

### Derivatives and Hedge Accounting

Careium's commercial flows have been hedged in accordance with Doro's financial policy, via internal reporting regarding future flows, which in turn have been hedged by Doro AB. No derivatives have been reported in these reports as the majority of the currency exposure hedged relates to flows related to the Doro Phones operating segment.

### Financial Costs and Capital Structure

Financial costs charged to the units in Careium are based on the actual borrowing and interest costs that exist in the individual units. Careium's historical capital structure has not reflected it for a separate, listed unit as it has primarily been internally financed. The final capital structure for Careium will be determined in connection with Doro's distribution of Careium.

### Income tax

Tax is reported in the consolidated financial reports based on reported tax in the constituent units.

### Profit per share

Calculation of earnings per share in these financial reports is based on the average number of shares outstanding in the Doro Group. This is considered most relevant as the distribution of the Careium share will take place at a ratio of 1:1 to the Doro share and thus reflects the share structure that will exist in Careium.

### Elimination of Transactions within Careium

Receivables, liabilities, income and expenses as well as unrealised gains and losses that arise between units within Careium are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no need for impairment. Transactions between Careium and Doro are reported in the balance sheet on separate lines as short-term/long-term receivables/liabilities to Group companies. For further information on transactions between Careium and Doro, please refer to note 25 Transactions with related parties.

### Accounting and Valuation Principles

Basis for preparing Careium's consolidated financial statements has been described above.

### New Accounting Principles for 2020

The IASB has issued several amended accounting standards that came into force on 1 January 2020. None of these have significantly affected the financial statements.

### New Accounting Principles for 2021 and Later

A number of new standards and interpretations will enter into force for financial years beginning on or after 1 January 2020 and have not been applied in the preparation of this financial report. These new standards and interpretations are not expected to have a material impact on the Group's financial statements in the current or future periods, nor on future transactions.

## THE GROUP

### Consolidated Financial Statements Principles

The Group includes the companies in which Careium AB, after the restructuring, directly or indirectly, owns so many shares that they correspond to more than 50 per cent of the votes. Acquired companies are included in the consolidated accounts from the date of acquisition or when a controlling influence is

achieved. Sold companies are included up to and including the day of sale. Consolidated financial statements are prepared in accordance with the acquisition method, which means that the acquisition value of participations in Group companies is distributed over identifiable assets and liabilities at the time of acquisition, at fair values.

Non-utilised tax loss carryforwards in the acquired company are converted into deferred tax assets in the consolidated accounts if the assessed earning capacity means that they can be expected to be utilised. Furthermore, deferred tax is calculated on the difference between the fair values of assets and liabilities and tax values. In cases where the acquisition value of the shares in the Group Company exceeds the net of acquired assets and liabilities, as described above, the difference is reported as goodwill, which is tested at least annually for impairment.

When buying a company, the purchase price may depend on the result. In that case, a calculation is made of the future profit and thus the total purchase price. A reconciliation and possible adjustment of the expected purchase price is made quarterly. Changes in the current item are reported in the income statement. Balances within the Group and unrealised internal gains are eliminated in the consolidated accounts. When eliminating internal transactions, the tax effect is also taken into account based on the nominal tax rate in each country.

#### Translation of foreign operations

All the foreign group companies' assets and liabilities are translated at the exchange rate on the balance sheet date, while all items in the income statements are translated at the average exchange rate for the financial year. The translation differences that arise are an effect partly of the difference between the average exchange rates of the income statements and the exchange rates on the balance sheet date, and partly of the net assets being translated at a different exchange rate at the end of the year than at the beginning of the year. The translation differences are reported in other comprehensive income.

#### Exchange Rates

The following exchange rates have been used when translating foreign operations:

|     | Average Price |       | Balance Day Course |       |
|-----|---------------|-------|--------------------|-------|
|     | 2020          | 2019  | 2020               | 2019  |
| EUR | 10.46         | 10.56 | 10.05              | 10.47 |
| HKD | 1.18          | 1.20  | 1.06               | 1.20  |
| NOK | 0.98          | 1.07  | 0.96               | 1.06  |
| GBP | 11.81         | 12.04 | 11.19              | 12.31 |
| USD | 9.16          | 9.42  | 8.20               | 9.34  |

#### Effects of changes in exchange rates

Receivables and liabilities in foreign currency are translated at the exchange rate on the balance sheet date, and unrealised exchange rate gains and losses attributable to operations are included in operating profit. Exchange rate differences attributable to non-operating items, such as cash and bank loans, are reported in net financial items.

#### Revenue from Agreements with Customers

Careium's revenues consist of product sales of mainly alarm units and sales of alarm services. Revenue from product sales is reported when control has passed to the buyer, which normally occurs when the products are delivered. Careium has discount agreements with most customers. Agreed discounts reduce the sales revenue in the period in which sales

are reported. The Group's commitment to repair or replace defective products in accordance with normal warranty rules is reported as a provision.

The sales of services is normally offered as a package solution over an agreed period of time, including, for example, an alarm unit, alarm reception and communication between the alarm unit and the alarm centre. The Group's package solutions contain several performance commitments and the transaction price is distributed to each separate performance commitment based on their independent observable sales prices. Revenues relating to services, such as alarm reception and communication, are reported in the period in which the services are performed. When the offered package solution includes the provision of hardware, an assessment is made at each delivery whether the hardware part is to be classified as a financial lease or an operational lease, which affects the time when the performance commitment is delivered. For deliveries that are classified as financial leasing, revenue is reported when the hardware has been delivered to the customer. For deliveries that are classified as operational leasing, the income is reported successively during the rental period.

#### State Aid

State Aid is reported as other revenues in the period it arises.

#### Remuneration to Employees

The employees' remuneration is reported with earned and paid salaries and earned bonus. Accounting is made for established holidays and social security contributions as accrued costs.

#### Pensions

The predominant proportion of Careium's commitments to staff are various defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods. For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the fees have been paid. The fees are reported as personnel costs when they fall due for payment. Prepaid fees are reported as an asset to the extent that cash repayment or reduction of future payments can benefit the Group.

In addition, there are a number of employees in the Group's subsidiaries in the United Kingdom who have a defined benefit pension plan. A defined benefit pension plan is a pension plan that is not defined contribution. Characteristic of defined benefit plans is that they state an amount for the pension benefit an employee receives after retirement, usually based on one or more factors such as age, length of service and salary. All commitments for which provisions are made are valued by an actuary to determine the amount of the provision. The liability reported in the balance sheet regarding defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period.

#### Research and Development

Product development takes place in collaboration with various manufacturing external partners and the main expenses are with them. Product development refers to expenses for product adaptations, design, type approvals, etc. Expenses attributable to the development phase are capitalised as an intangible asset if it is probable, with a high degree of reliability, that they will result in future financial benefits for the Group. This means that stringent criteria must be met before a devel-

opment project results in an intangible asset being activated. Such criteria include the ability to complete the project, proof that the project is technically viable and that a market exists, as well as the intention and ability to use or sell the intangible asset. It must also be possible to reliably measure costs during the development phase. Forming tools for the manufacture of the products at external partners are owned by Careium and the expenses for them are capitalised and depreciated according to plan if the product's service life is expected to exceed one year. Careium has no expenses for research.

**Tangible and Intangible Fixed Assets**

Fixed assets are reported at acquisition value less accumulated depreciation according to plan and accumulated impairments, in addition to goodwill, which are not depreciated in the Group.

**Financial Instruments**

**Investments**

The Group classifies its investments in debt instruments into three categories: accrued acquisition value, fair value via other comprehensive income and fair value via the income statement. The classification is made in accordance with IFRS 9, based on the business model and the debt instruments' contractual cash-flows. Management classifies investments at the time of acquisition. Investments in debt instruments, within the framework of a business model whose goal is to hold financial instruments to collect contractual cash-flows that only constitute payment of principal and interest, are classified as accrued acquisition value and are reported as current and long-term current assets. Purchases and sales of financial instruments are reported on the business day, which is the date on which the Group commits to buy or sell the financial instrument. Financial instruments are derecognised from the balance sheet when the rights to receive cash-flows from the financial instruments have expired or been transferred, and when the Group has substantially transferred risks, liabilities and benefits associated with the ownership of the financial asset or liability.

**Loan receivables**

Loan receivables are debt instruments with fixed or determinable repayments that are not listed on an active market. They are initially recognised at fair value and subsequently measured at amortised cost. Provisions for expected credit losses are calculated according to the simplified method for calculating expected credit losses. The method means that expected losses during the entire term of the claim are used as a starting point. When calculating expected credit losses, accounts receivable are grouped according to the number of days of delay. Interest income on loan receivables is reported as financial income. Loan receivables that fall due for payment within twelve months are reported as current assets under interest-bearing receivables and those that fall due after twelve months as fixed assets under long-term loan receivables.

**Liabilities**

Liabilities are first reported at fair value, net after deductions for transaction costs. In subsequent periods, they are reported at amortized costs according to the effective interest method, except for liabilities relating to additional purchase price consideration, which are reported at fair value in each financial statement and for which gains and losses are recognized in the income statement as other operating income/other operating expenses. Any differences between income, net after deduction of transaction costs and repayment value are reported on an ongoing basis in the consolidated income statement during the loan period. Interest expenses are accumulated and reported in the income statement for each period. Debts with an original maturity of more than twelve months are

classified as long-term liabilities in the Group's statement of financial position, but repayments that fall due within twelve months are reported in current liabilities under Short-Term Share of Long-Term Liabilities. Short-term corporate certificates, bank loans and other interest-bearing loans for which the original maturity is less than twelve months are reported in current liabilities under Interest-bearing liabilities.

**Fair Value Hierarchy**

The Group uses the following hierarchy to determine and provide information on the fair value of financial instruments according to valuation techniques:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques through which all input data that has a significant impact on the carrying amount can be observed, either directly or indirectly
- Level 3: methods that use input data that have a significant impact on the reported fair values that are not based on observable market data

**Impairments**

At each balance sheet date, it is assessed whether there is any indication of a need for impairment of the reported values of the Group's assets. If there are indications, the recoverable amount of an asset is calculated. The recoverable amount is the higher of an asset's net realisable value and value in use. When determining the value in use, the present value of the estimated future payments that the asset is expected to give rise to during the period of use is calculated. The present value calculation uses a discount rate before tax that reflects the current market interest rate and the risk attributable to the asset.

If the recoverable amount is less than the carrying amount, an impairment of the asset is made to the recoverable amount. Reversals of impairments are made if there are no longer reasons for these impairments except for goodwill. Impairments and reversals of impairments are reported in the income statement.

At least once a year, forecasted future earnings and cash-flow are evaluated in relation to goodwill and capitalised expenses relating to ongoing development projects. If the carrying amount exceeds its value in use, an impairment loss is recognised.

**Depreciation of Tangible Fixed Assets**

Depreciation according to plan takes place on a straight-line basis based on the asset class' original acquisition value and the estimated useful life:

|                            |           |
|----------------------------|-----------|
| Equipment and tools        | 2–5 years |
| Leased social alarms, etc. | 5 years   |

**Amortisation of Intangible Assets**

Intangible assets are amortised during the estimated useful life. For activated product development, depreciation begins from the market introduction of each product. Depreciation according to plan takes place on a straight-line basis based on the asset class' original acquisition value:

|  |           |
|--|-----------|
| Capitalised expenses for development work    | 1–3 years |
| Brands                                       | 1–5 years |
| Customer register and distribution agreement | 3–7 years |

**Leasing**

Careium leases various offices, premises, office equipment and vehicles. The terms are negotiated separately for each agreement and contain a large number of agreement terms. The leasing agreements are reported as right-to-use assets rights and a corresponding liability, on the day on which the leased asset is available for use by the Group. Assets and

liabilities arising from leasing agreements are initially reported at present value. Leasing liabilities include the present value of the following leasing payments:

- fixed fees after deductions for any benefits in connection with the signing of the leasing agreement, variable leasing fees that depend on an index or a price, initially valued using an index or price at the start date,
- amounts expected to be paid by the lessee according to residual value guarantees
- the exercise price of an option to repurchase if the group is reasonably certain to exercise such an opportunity
- Penalties that are paid upon termination of the leasing agreement if the leasing period reflects that the Group will use an opportunity to terminate the leasing agreement.

Lease payments that will be made for reasonably secure extension options are also included in the valuation of the debt. Leasing payments are discounted with the implicit interest rate of the leasing agreement. If this interest rate cannot be easily determined, as is normally the case for the Group's leasing agreement, the lessee's marginal borrowing rate shall be used, which is the interest rate that the individual lessee would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-to-use assets in a similar economic environment with similar terms and collateral.

Leasing payments are divided between amortization of the debt and interest. The interest is reported in the income statement over the leasing period in a way that entails a fixed interest rate for the leasing liability reported during the respective period. Assets with right-to-use assets are valued at acquisition value and include the following:

- the amount the lease liability was originally valued at,
- leasing fees paid on or before the commencement date, after deduction of any benefits received in connection with the signing of the leasing agreement,
- initial direct expenses,
- expenses to restore access to the condition provided for in the terms of the lease.

Right-to-use assets is usually amortised on a straight-line basis over the shorter of the useful life and the lease term. If the Group is reasonably sure of exercising a call option, the right-to-use assets is depreciated over the useful life of the underlying asset. Payments for short-term contracts and all leasing agreements of lesser value are expensed on a straight-line basis in the income statement. Short contracts are agreements with a leasing period of twelve months or less. Agreements of lesser value mainly include IT equipment and office furniture.

### Inventory

Inventories are valued at the lower of acquisition value according to the first-in-first-out principle (FIFU) and net sales value (lowest value principle). The acquisition value is calculated for each delivery. Impairments of inventories are made according to a model where longer periods in stock result in increased impairments. Different product groups have different rapid impairments.

Net sales value is defined as sales price reduced for sales costs. Impairments to net sales value include impairments due to technical and commercial obsolescence made in each Group company.

### Provisions

Provisions refer to liabilities that are uncertain with respect to the amount or time when they will be settled. A provision is reported when there is a commitment as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and that a reliable estimate of the amount can be made. The following provisions

are reported in the balance sheet: pensions, guarantee commitments, disputes and additional costs.

### Taxes

Reporting in the income statement is made of all tax that is estimated to amount to reported profit. These taxes have been calculated according to each country's tax rules and reported in the item Tax on profit for the year. The Group's total tax in the income statement consists of current tax on the taxable profit for the period and deferred tax. The deferred tax mainly consists of changes in the deferred tax asset regarding tax loss carryforwards and other temporary differences.

The Group uses the balance sheet method to calculate deferred tax assets and liabilities. The balance sheet method means that the calculation is made on the basis of tax rates as of the balance sheet date applied to temporary differences between an asset's or a liability's book and tax value as well as tax loss carryforwards. Deferred tax assets are reported in the balance sheet only to the part of the value that can probably be utilised in the foreseeable future. An individual assessment is made of the situation for companies in each country.

### Cash-Flow Analysis

Cash-flow analyses are prepared according to an indirect method, which means that results after financial items are adjusted for transactions that did not result in inflows or outflows during the period and for any income and expenses that are attributed to the investment operations' cash-flows.

### Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and short-term investments with a maximum maturity of 3 months on the date of acquisition.

### Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the company's chief executive officer. The highest executive decision-maker is the function that is responsible for allocating resources and evaluating the segments' results. For Careium, this function is performed by the CEO. For other information on Careium's segment reporting, see Note 2.

### Classification

The balance sheet items that are classified as current assets and current liabilities are expected to be recovered or paid within a twelve-month period. All other balance sheet items are recovered or paid later.

### Critical Accounting Issues and Uncertainty in Estimates

In preparing Careium's consolidated accounts, the Board of Directors and the President, in addition to estimates, have made a number of assessments of critical accounting issues that are of great importance for reported amounts. This applies to the following areas:

#### *Valuation of Goodwill*

When assessing whether there is any indication of a need for impairment of the reported values for goodwill, assumptions are made about the future expected earnings and cash-flow development for the lowest possible cash-generating unit. For further information, see Note 7.

#### *Deferred tax Regarding Loss Carryforwards*

When valuing deferred tax assets, assessments are made of future tax surpluses for each company and thereby the possibility of utilising the loss carryforwards. Note 17 describes the size of the loss carryforwards.



**Credit Risks in Accounts Receivable**

When assessing credit risks in accounts receivable, individual assessments are made that are based on historical ability to pay and information in general. Careium has historically had very low realised customer losses, but works actively with follow-up. For other information, see Note 23.

**Valuation of Stock**

The valuation of inventory is based on a model based on inventory turnover. In addition to this, individual assessments are made that are based on historical sales statistics and sales forecasts compared with the amount of products in stock and in production at a subcontractor.

**Note 2 Net Sales and Other Income and Expenses**

| Group             | 2020         | 2019         |
|-------------------|--------------|--------------|
| Sales of products | 105.4        | 102.3        |
| Sales of services | 418.7        | 374.4        |
| <b>Net sales</b>  | <b>524.1</b> | <b>476.7</b> |

| Group                                  | 2020         | 2019         |
|--|--------------|--------------|
| Nordics                                | 265.1        | 274.9        |
| Western and Southern Europe and Africa | 8.7          | 9.6          |
| Central and Eastern Europe             | 24.0         | 20.8         |
| United Kingdom and Ireland             | 226.3        | 170.4        |
| Rest of the world                      | 0.0          | 1.0          |
| <b>Net sales</b>                       | <b>524.1</b> | <b>476.7</b> |
| of which Sweden                        | 166.7        | 165.3        |

| Group                            | 2020       | 2019       |
|----------------------------------|------------|------------|
| <b>Other income and expenses</b> |            |            |
| State Aid                        | 2.9        | 0.0        |
| Other incomes                    | 0.7        | 0.1        |
| Other expenses                   | 0.0        | 0.0        |
|                                  | <b>3.6</b> | <b>0.1</b> |

**Segment Accounting (according to IFRS 8)**

Careium is reported as a functional organisation. The functional division supports Careium's organisational structure where services are shared between different products, geographical regions and distribution channels (private and public). The regions are responsible for sales and service delivery in each region and report to the CEO of Careium. Careium is an operating segment with a common strategy and joint performance monitoring and cost and investment budget. Careium's operations are reported as a segment and financial information and results are analysed and evaluated as a segment by the highest executive decision-maker. The most important performance measure for the management of the business is EBIT. The customers' location forms the basis for the division of sales into geographical regions. No single customer accounts for more than ten percent of net sales. All significant tangible and intangible assets are controlled by the Swedish parent company.

**Note 3 Purchasing and Sales Within the Group**

Invoicing within the Group amounts to SEK 31.2 M (30.2).

**Note 4 Leasing Agreement****Leasing Agreements where the Group is the Lessee**

The following amounts related to leasing agreements are reported in the balance sheet.

| Assets with Right-to-use assets | 2020        | 2019        |
|---------------------------------|-------------|-------------|
| Real estate                     | 44.0        | 31.1        |
| Equipment                       | 0.0         | 0.0         |
| Vehicle                         | 2.2         | 1.4         |
| Other                           | 1.5         | 0.8         |
| <b>Total</b>                    | <b>47.7</b> | <b>33.3</b> |

| Leasing liabilities | 2020        | 2019        |
|---------------------|-------------|-------------|
| Short-term          | 13.9        | 10.6        |
| Long-term           | 33.8        | 22.7        |
| <b>Total</b>        | <b>47.7</b> | <b>33.3</b> |

Additional right-to-use assets rights in 2020 amounted to SEK 23.7 M (7.7).

The following amounts related to leasing agreements are reported in the income statement.

| Depreciation of Right-to-use assets Rights | 2020         | 2019        |
|--|--------------|-------------|
| Real estate                                | -10.2        | -7.2        |
| Equipment                                  | -0.8         | -0.8        |
| Vehicle                                    | -1.0         | -1.0        |
| Other                                      | 0.0          | 0.0         |
| <b>Total</b>                               | <b>-12.0</b> | <b>-9.0</b> |

|  |      |      |
|--|------|------|
| Interest expenses (included in financial expenses) | -1.5 | -0.9 |
|--|------|------|

|   |      |      |
|---|------|------|
| Expenses attributable to short-term leasing agreements, leasing agreements for which the underlying asset is of low value and variable leasing payments that are not included in leasing liabilities (included in operating expenses) | -2.2 | -4.1 |
|---|------|------|

The total cash-flow regarding leasing agreements during 2020 was SEK 15.7 M (14.0).

**Leasing Agreements Where the Group is the Lessor**

The company has financial leasing agreements regarding alarm units delivered to customers in the public sector. The contract period is normally between 12 and 24 months with an option to extend for another 12 to 24 months. Reserves for doubtful receivables do not exist as customers in the public sector are judged to be creditworthy.

Agreed future leasing agreements fall due for payment as below.

| Financial Leasing Agreements | 2020       | 2019        |
|------------------------------|------------|-------------|
| Within 1 year                | 5.3        | 5.1         |
| Within 2 to 5 years          | 3.8        | 5.2         |
| Later than 5 years           | 0.0        | 0.0         |
| <b>Total</b>                 | <b>9.1</b> | <b>10.3</b> |

**Note 5 Personnel**

| Average Number of Employees | 2020       | of which men | 2019       | of which men |
|-----------------------------|------------|--------------|------------|--------------|
| Sweden                      | 157        | 66           | 161        | 78           |
| Norway                      | 81         | 55           | 74         | 46           |
| United Kingdom              | 532        | 131          | 332        | 106          |
| Germany                     | 4          | 3            | 5          | 4            |
| Spain                       | 10         | 7            | 0          | 0            |
| <b>Total</b>                | <b>784</b> | <b>262</b>   | <b>572</b> | <b>234</b>   |

**Salaries and Other Remuneration**

Salaries, remunerations, social security costs and pension costs have been paid in the following amounts:

|   | 2020         | 2019         |
|---|--------------|--------------|
| Salaries and benefits                     | 221.5        | 179.7        |
|   | <b>221.5</b> | <b>179.7</b> |
| Social expenses                           | 35.5         | 32.6         |
|   | <b>35.5</b>  | <b>32.6</b>  |
| Pension costs                             | 12.8         | 11.7         |
| <i>of which defined contribution plan</i> | 8.2          | 8.9          |
|   | <b>12.8</b>  | <b>11.7</b>  |

**Salaries and remuneration, including board fees and distribution between senior executives and other employees**

|                | 2020          |                 | 2019          |                 |
|----------------|---------------|-----------------|---------------|-----------------|
|                | Board and CEO | Other Employees | Board and CEO | Other Employees |
| Sweden         | 0.0           | 61.1            | 0.0           | 61.1            |
| Norway         | 0.0           | 46.8            | 0.0           | 40.8            |
| United Kingdom | 0.0           | 108.6           | 0.0           | 74.3            |
| France         | 0.0           | 3.2             | 0.0           | 3.1             |
| Germany        | 0.0           | 0.0             | 0.0           | 0.2             |
| Hong Kong      | 0.0           | 0.0             | 0.0           | 0.2             |
| Spain          | 0.0           | 1.8             | 0.0           | 0.0             |
| <b>Total</b>   | <b>0.0</b>    | <b>221.5</b>    | <b>0.0</b>    | <b>179.7</b>    |

Due to the fact that there was no appointed management group for Careium during the periods covered by these consolidated financial reports, no special information is presented regarding remuneration to senior executives. Board fees have also not been paid.

**Note 6 Interest and Similar Items**

|                             | 2020        | 2019        |
|-----------------------------|-------------|-------------|
| <b>Income</b>               |             |             |
| Interest income, external   | 0.3         | 0.3         |
| <b>Total</b>                | <b>0.3</b>  | <b>0.3</b>  |
| <b>Costs</b>                |             |             |
| Interest expenses, external | -2.2        | -1.2        |
| Other                       | -0.2        | -0.2        |
| <b>Total</b>                | <b>-2.4</b> | <b>-1.4</b> |
| <b>Net Financial Items</b>  | <b>-2.1</b> | <b>-1.1</b> |

**Note 7 Intangible Assets**

| The Group/Goodwill   | 2020         | 2019         |
|--|--------------|--------------|
| <b>Incoming Acquisition Value</b>                          | <b>288.2</b> | <b>247.9</b> |
| Acquisition  | 65.1         | 34.3         |
| Translation difference                                     | -13.8        | 6.0          |
| <b>Closing Accumulated Acquisition Value</b>               | <b>339.5</b> | <b>288.2</b> |
| <b>Group/customer register and distribution agreements</b> | <b>2020</b>  | <b>2019</b>  |
| <b>Incoming Acquisition Value</b>                          | <b>62.1</b>  | <b>54.1</b>  |
| Acquisition  | 14.1         | 4.9          |
| Translation difference                                     | -2.1         | 3.1          |
| <b>Closing Accumulated Acquisition Value</b>               | <b>74.1</b>  | <b>62.1</b>  |
| <b>Depreciation</b>  | <b>-29.8</b> | <b>-19.0</b> |
| This year's depreciations                                  | -8.9         | -10.2        |
| Translation difference                                     | -1.3         | -0.6         |
| <b>Closing Depreciation</b>                                | <b>-40.0</b> | <b>-29.8</b> |
| <b>Outgoing Residual Value</b>                             | <b>34.1</b>  | <b>32.3</b>  |

The Group performs impairment assessments of goodwill annually, and when there is an indication of impairment. Impairment assessments have been performed on the Group as a whole, which is the lowest level at which separable cash-flows are identified. As all Group companies' operations and their payments are very much interdependent, there is no distribution of the Group's goodwill. The recoverable amount of the unit has been determined based on the value in use that consists of future cash-flows. The calculation of future cash-flows is based on an assessment of the expected growth rate according to established forecasts for the next five years. The forecasts are based on previous years' experience, but also take into account future expected developments. Assumptions about future growth and profitability are based on external and internal assessments of market growth, historical development and management's assessment of market shares. The discount factor, WACC, has been determined through the Capital Asset Pricing Model (CAPM). As part of the WACC, a risk-free interest rate corresponding to the return on a ten-year government bond has been used with a supplement for the stock market's risk premium and with a supplement for a risk premium for smaller companies. The required rate of return has been weighted on the basis of the optimal capital structure derived from the capital market. The recoverable amount exceeds the carrying amount, which is why no need for impairment is deemed to exist.

**Sensitivity Analysis**

Growth rate after five years: In the impairment test, Careium has assumed a sustainable growth rate of two per cent (2). A change in the growth rate from two per cent to one per cent does not mean any need for impairment. Discount rate before tax is increased by one percentage point: In its impairment testing, Careium has used a discount rate of 13.1 per cent (13.3) before tax. A change in the discount rate before tax to 14.1 per cent does not entail a need for impairment.

| <b>The Group/Brands</b>                      | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| <b>Incoming Acquisition Value</b>            | <b>3.2</b>  | <b>3.0</b>  |
| Acquisition                                  | 0.0         | 0.0         |
| Translation difference                       | -0.2        | 0.2         |
| <b>Closing Accumulated Acquisition Value</b> | <b>3.0</b>  | <b>3.2</b>  |
| <b>Depreciation</b>                          | <b>-1.5</b> | <b>-0.9</b> |
| This year's depreciations                    | -0.5        | -0.5        |
| Translation difference                       | 0.1         | -0.1        |
| <b>Closing Depreciation</b>                  | <b>-1.9</b> | <b>-1.5</b> |
| <b>Outgoing Residual Value</b>               | <b>1.1</b>  | <b>1.7</b>  |

| <b>The Group/Capitalised Expenses for Development Work/IT</b> | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Incoming Acquisition Value</b>                             | <b>53.2</b>  | <b>37.8</b>  |
| This year's acquisitions                                      | 24.5         | 15.4         |
| Acquisition   | 30.1         | 0.0          |
| Translation difference  | -1.3         | 0.0          |
| <b>Closing Accumulated Acquisition Value</b>                  | <b>106.5</b> | <b>53.2</b>  |
| <b>Depreciation</b>   | <b>-24.4</b> | <b>-18.6</b> |
| This year's depreciations                                     | -6.2         | -5.8         |
| Sales/Disposals/Impairments                                   | 0.0          | 0.0          |
| <b>Closing Depreciation</b>                                   | <b>-30.6</b> | <b>-24.4</b> |
| <b>Outgoing Residual Value</b>                                | <b>75.9</b>  | <b>28.8</b>  |

**Note 8 Tangible Fixed Assets**

| <b>Equipment, Tools and Rented Equipment, SEK million</b> | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Incoming Acquisition Value</b>                         | <b>89.4</b>  | <b>53.1</b>  |
| This year's acquisitions                                  | 16.6         | 29.8         |
| Acquisition   | 2.1          | 2.8          |
| Sales/Disposals   | 0.0          | -2.0         |
| Translation difference                                    | -9.1         | 5.7          |
| <b>Closing Acquisition Value</b>                          | <b>99.0</b>  | <b>89.4</b>  |
| <b>Depreciation</b>                                       | <b>-31.7</b> | <b>-15.1</b> |
| This year's depreciations                                 | -21.4        | -17.5        |
| Sales/Disposals   | 0.0          | 1.7          |
| Translation difference                                    | 3.3          | -0.8         |
| <b>Closing Depreciation</b>                               | <b>-49.8</b> | <b>-31.7</b> |
| <b>Outgoing Residual Value</b>                            | <b>49.2</b>  | <b>57.7</b>  |

**Note 9 Shares in Group Companies**

Net as of 31 December 2020

| <b>Subsidiaries – Company ID Number</b> | <b>Registered Offices</b>   |
|---|-----------------------------|
| Careium Sweden AB – 556569-9740         | Malmö, Sweden               |
| Careium Services AB – 559304-5957       | Malmö, Sweden               |
| Doro Care GmbH – HRB 6783               | Taunus, Germany             |
| Doro Care AS – 999238424                | Oslo, Norway                |
| Greencoat House Ltd – 08626194          | East Sussex, United Kingdom |
| – Doro Care UK Ltd – 08666755           | East Sussex, United Kingdom |
| – Invicta Telecare Ltd – 04133585       | East Sussex, United Kingdom |
| – Eldercare UK Limited – 02163445       | East Sussex, United Kingdom |
| Victrix SocSan SL – B87664504           | Madrid, Spain               |
| Caretech Sales UK Limited – 07766454    | East Sussex, United Kingdom |

All subsidiaries are wholly owned by the group.

**Note 10 Other Receivables as well as Prepaid Expenses and Accrued Income**

| <b>Other receivables</b>     | <b>2020</b> | <b>2019</b> |
|------------------------------|-------------|-------------|
| Financial leasing receivable | 5.3         | 5.1         |
| Other receivables            | 0.3         | 0.0         |
| <b>Total</b>                 | <b>5.6</b>  | <b>5.1</b>  |

| <b>Prepaid Expenses and Accrued Income</b> | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Prepaid Rents                              | 3.1         | 3.0         |
| Prepaid insurance premiums                 | 1.3         | 1.0         |
| Prepaid trade fair costs                   | 0.5         | 0.2         |
| Prepaid IT costs                           | 0.5         | 0.9         |
| Contract assets                            | 21.7        | 22.4        |
| Other prepaid expenses                     | 2.1         | 0.9         |
| <b>Total</b>                               | <b>29.1</b> | <b>28.4</b> |

Contract assets refer to accrued income from customer contracts in the service transaction where the terms of the contract stipulate that the services must be debited in arrears.

**Note 11 Share capital**

The registered share capital in the future parent company in the Group, Careium AB (publ), as of 31 December 2020, amounted to SEK 500,000 divided into 5,000 shares with a quota value of SEK 100 per share. Careium AB (publ) was not part of the Group in 2019 and 2020, the company was acquired in March 2021, therefore the Group does not recognise any share capital.

**Note 12 Checking Account**

|                                 | 2020 | 2019 |
|---------------------------------|------|------|
| Approved credit                 | 0.0  | 0.0  |
| <i>Of which utilised credit</i> | 0.0  | 0.0  |

The group has no overdraft facilities as all financing is carried out via the parent company Doro AB.

**Note 13 Accrued expenses and prepaid income**

|                             | 2020        | 2019        |
|-----------------------------|-------------|-------------|
| Holiday pay debt            | 15.3        | 12.5        |
| Social fees                 | 6.7         | 3.8         |
| Other personnel liabilities | 2.5         | 1.8         |
| Contractual debt            | 9.8         | 13.2        |
| Other accrued expenses      | 6.6         | 4.8         |
| <b>Total</b>                | <b>40.9</b> | <b>36.1</b> |

Contractual liabilities refer partly to performance commitments that have been invoiced but have not yet been delivered to the customer and partly to provisions for agreed customer bonuses.

**Note 14 Collateral Pledged for Debts to Credit Institutions**

The Group has no collateral provided for liabilities to credit institutions.

**Note 15 Contingent liabilities**

The Group has no contingent liabilities.

**Note 16 Audits**

PwC has the audit assignment in all large units except Doro Care AS for one year.

| <b>Fees and Cost Reimbursements</b>          | 2020       | 2019       |
|--|------------|------------|
| <b>PwC</b>                                   |            |            |
| Audit assignment                             | 1.3        | 1.1        |
| <i>of which to PricewaterhouseCoopers AB</i> | 0.2        | 0.3        |
| Audit outside the assignment                 | 0.0        | 0.0        |
| <i>of which to PricewaterhouseCoopers AB</i> | 0.0        | 0.0        |
| Tax advice                                   | 0.0        | 0.1        |
| <i>of which to PricewaterhouseCoopers AB</i> | 0.0        | 0.0        |
| Other services                               | 0.0        | 1.3        |
| <i>of which to PricewaterhouseCoopers AB</i> | 0.0        | 1.3        |
| <b>Other</b>                                 |            |            |
| Audit assignment                             | 0.2        | 0.2        |
| Audit outside the assignment                 | 0.0        | 0.0        |
| Tax advice                                   | 0.1        | 0.1        |
| Other services                               | 0.0        | 0.0        |
| <b>Total</b>                                 | <b>1.6</b> | <b>2.8</b> |

**Note 17 Taxes**

| <b>Tax on Profit for the Year</b>           | 2020        | 2019        |
|---|-------------|-------------|
| Current tax                                 | -11.0       | -9.2        |
| Deferred tax                                | 3.5         | 0.2         |
| <b>Total Tax on the Profit for the Year</b> | <b>-7.5</b> | <b>-9.0</b> |

The relationship between the year's tax expense and reported profit before tax:

| <b>Taxes</b>   | 2020        | 2019        |
|--|-------------|-------------|
| Reported profit before tax                                   | 26.3        | 21.5        |
| Tax 21.4%  | -5.6        | -4.6        |
| Non-deductible expenses                                      | -0.1        | -1.6        |
| Non-taxable income   | 0.0         | 0.1         |
| Utilisation of previously non-capitalised loss carryforwards | 0.2         | 0.0         |
| Change valuation loss carryforward                           | -0.4        | -0.5        |
| Change valuation of temporary differences                    | 0.0         | 0.0         |
| Tax expense/tax revenue in previous years                    | -0.5        | -1.2        |
| Adjustment for tax rates in foreign group companies          | -1.1        | -1.2        |
| <b>Reported Tax</b>  | <b>-7.5</b> | <b>-9.0</b> |

Temporary differences exist in cases where the reported values of assets or liabilities and tax values are different. Temporary differences, unutilised tax loss carryforwards and other future tax carryforwards have resulted in deferred tax assets and liabilities relating to the following items:

| <b>Deferred Tax Assets</b>               | 2020       | 2019       |
|--|------------|------------|
| Unutilised loss carryforwards            | 1.8        | 0.6        |
| Temporary differences, provisions        | 8.5        | 8.6        |
| Temporary differences, other             | -7.6       | -4.7       |
| <b>Total reported deferred tax asset</b> | <b>2.7</b> | <b>4.5</b> |

Deferred tax assets are reported in the balance sheet for unutilised loss carryforwards and temporary differences to the extent that they are likely to be utilised in the foreseeable future. An individual assessment is made by each company with regard to historical earnings development, future plans and the possibility of using the loss carryforwards.

Of the Group's loss carryforwards, SEK 5 million (3) can be utilised without a time limit. The remaining loss carryforwards are in Spain and Norway.

| <b>The Loss Carryforwards Fall Due as Follows:</b> | 2020     | 2019     |
|--|----------|----------|
| Without time limit                                 | 5        | 3        |
| <b>Total</b>                                       | <b>5</b> | <b>3</b> |

| <b>Gross Change Regarding Deferred Taxes</b>                 | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| <b>Share Options at the Beginning of the Year</b>            | 4.5         | -3.2        |
| Reported in the income statement                             | 3.5         | 0.2         |
| Tax attributable to components in other comprehensive income | -0.2        | 0.0         |
| Acquisition/merger   | -5.1        | 7.5         |
| <b>Share Options at the End of the Year</b>                  | <b>2.7</b>  | <b>4.5</b>  |

## Note 18 Acquisition

### Acquisitions 2020

#### Eldercare

On 11 August 2020, all shares in the British telecare company Eldercare (UK) Limited were acquired. Costs for the acquisition have been charged to the profit for the year of SEK 1.6 million. The purchase price was paid in cash, and amounted to approximately SEK 25 million on a debt-free basis. Goodwill is linked to the strengthened position in the care-segment in the United Kingdom, which Eldercare's sales channels provide. At the time of the acquisition, the company had approximately 109 employees. Eldercare had annual sales in 2018/19 of GBP 4.6 million.

#### Below is preliminary information on acquired net assets and goodwill

| <b>Real value</b>  | <b>SEK million</b> |
|--|--------------------|
| Intangible assets  | 6.5                |
| Tangible Fixed Assets                                    | 2.8                |
| Deferred tax assets                                      | 0.1                |
| Receivables  | 5.7                |
| Cash and bank balances                                   | 18.1               |
| Deferred tax liability                                   | -1.2               |
| Long-Term Liabilities                                    | -1.2               |
| Current Liabilities                                      | -13.9              |
| Acquired net assets                                      | 16.9               |
| Goodwill   | 16.2               |
| <b>Total Purchase Price</b>                              | <b>33.1</b>        |
| Cash in acquired company                                 | 18.1               |
| <b>The Acquisition's Impact on the Group's Cash-Flow</b> | <b>15.0</b>        |

#### Victrix

On 30 September 2020, all shares in the Spanish software company Victrix were acquired. Costs for the acquisition have been charged to the profit for the year of SEK 0.3 million. The purchase price was paid partly in cash, SEK 15.8 million (of which SEK 1.0 million referred to payment of debt to previous owners), and partly with own shares valued at SEK 10.5 million. An additional purchase consideration (calculated at SEK 42.9 million) will be paid if certain significant and defined sales targets are achieved within a three-year period. At the time of the acquisition, the company had approximately 10 employees. Victrix had annual sales in 2019 of EUR 0.4 million.

#### Below is preliminary information on acquired net assets and goodwill

| <b>Real value</b>  | <b>SEK million</b> |
|--|--------------------|
| Intangible assets  | 30.2               |
| Tangible Fixed Assets                                    | 0.5                |
| Deferred tax assets                                      | 0.7                |
| Receivables  | 0.7                |
| Cash and bank balances                                   | 0.0                |
| Deferred tax liability                                   | -4.7               |
| Long-Term Liabilities                                    | -3.8               |
| Current Liabilities                                      | -3.6               |
| Acquired net assets                                      | 20.0               |
| Goodwill   | 48.9               |
| <b>Total Purchase Price</b>                              | <b>68.9</b>        |
| Payment with own shares                                  | 10.5               |
| Estimated additional purchase price to pay in 2023       | 42.9               |
| Cash in acquired company                                 | 0.0                |
| <b>The Acquisition's Impact on the Group's Cash-Flow</b> | <b>15.5</b>        |

#### Connexus Careline

On 14 October 2020, the telecare business Careline was acquired from Connexus Housing Group. The acquisition means that the Group takes over the customer agreements for the business. Costs for the acquisition have been charged to the profit for the year of SEK 0.3 million. The purchase price was paid in cash and amounted to SEK 7.1 million. Careline had annual sales in 2019/20 of GBP 1.1 million.

#### Below is preliminary information on acquired net assets and goodwill

| <b>Real value</b>  | <b>SEK million</b> |
|--|--------------------|
| Intangible assets  | 7.1                |
| Acquired net assets                                      | 7.1                |
| Goodwill   | 0.0                |
| <b>Total Purchase Price</b>                              | <b>7.1</b>         |
| <b>The Acquisition's Impact on the Group's Cash-Flow</b> | <b>7.1</b>         |

### Acquisitions 2019

#### Centra Pulse & Connect

On 2 September 2019, all shares in the British telecare company Centra Pulse & Connect were acquired. Costs for the acquisition have been charged to the profit for the year of SEK 3.2 million. The purchase price was paid in cash, SEK 35.9 million, of which SEK 16.4 million related to payment of debt to the previous owner. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Centra Pulse & Connect's sales channels provide. At the time of the acquisition, the company had approximately 266 employees. Centra Pulse & Connect had annual sales in 2018 of GBP 6.3 million.

**Below is preliminary information on acquired net assets and goodwill**

| <b>Real value</b>  | <b>SEK million</b> |
|--|--------------------|
| Intangible assets  | 4.9                |
| Tangible Fixed Assets                                    | 2.8                |
| Deferred tax assets                                      | 7.5                |
| Inventory  | 7.1                |
| Receivables  | 9.7                |
| Cash and bank balances                                   | 19.3               |
| Pension provisions                                       | -42.7              |
| Current Liabilities                                      | -3.2               |
| Acquired net assets                                      | 5.4                |
| Goodwill   | 30.5               |
| <b>Total Purchase Price</b>                              | <b>35.9</b>        |
| Cash in acquired company                                 | 19.3               |
| <b>The Acquisition's Impact on the Group's Cash-Flow</b> | <b>16.6</b>        |

**The Impact of the Business Combinations on the Group's Cash-Flow**

|                          | <b>Group</b> |              |
|--------------------------|--------------|--------------|
|                          | <b>2020</b>  | <b>2019</b>  |
| Welbeing                 | -0.6         | -2.1         |
| Centra Pulse and Connect | 0.0          | -16.6        |
| Eldercare                | -15.0        | 0.0          |
| Victrix                  | -15.5        | 0.0          |
| Connexus Careline        | -7.1         | 0.0          |
|                          | <b>-38.2</b> | <b>-18.7</b> |

**Additional Purchase Price Victrix**

|                                     | <b>Group</b> |             |
|-------------------------------------|--------------|-------------|
|                                     | <b>2020</b>  | <b>2019</b> |
| Long-term debt valued at fair value | 40.9         | 0.0         |
|                                     | <b>40.9</b>  | <b>0.0</b>  |

**Note 19 Merchandise**

| <b>Group</b>                              | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
| <b>Opening Gross Inventory</b>            | <b>43.4</b> | <b>27.6</b> |
| Acquisition                               | 1.2         | 7.0         |
| Change in gross inventory                 | -8.1        | 8.6         |
| Internal gain in inventory                | 0.0         | 0.0         |
| Translation difference                    | -0.5        | 0.2         |
| <b>Closing gross inventory</b>            | <b>36.0</b> | <b>43.4</b> |
| <b>Incoming inventory impairments</b>     | <b>-2.8</b> | <b>-2.9</b> |
| Acquisition                               | -0.2        | 0.0         |
| Change in inventory impairments           | -0.7        | 0.1         |
| Translation difference                    | 0.0         | 0.0         |
| <b>Closing inventory impairments *</b>    | <b>-3.7</b> | <b>-2.8</b> |
| <b>Net inventory in the balance sheet</b> | <b>32.3</b> | <b>40.6</b> |

\* Acquisition value of the inventory to which impairments of SEK 3.7 M (2.8) relate amounts to SEK 7.7 M (7.0).

**Note 20 Warranty Provision**

|                        | <b>2020</b> | <b>2019</b> |
|------------------------|-------------|-------------|
| <b>Opening Balance</b> | <b>0.0</b>  | <b>0.0</b>  |
| Acquisition            | 0.0         | 0.0         |
| Amounts claimed        | 0.0         | 0.0         |
| New provisions         | 0.2         | 0.0         |
| Translation difference | 0.0         | 0.0         |
| <b>Closing Balance</b> | <b>0.2</b>  | <b>0.0</b>  |

**Note 21 Provision for Pensions**

|                        | <b>2020</b> | <b>2019</b> |
|------------------------|-------------|-------------|
| <b>Opening Balance</b> | <b>44.1</b> | <b>0.0</b>  |
| Acquisition            | 0.0         | 42.7        |
| Amounts claimed        | 0.0         | 0.0         |
| New provisions         | 0.0         | 0.0         |
| Translation difference | -3.8        | 1.4         |
| <b>Closing Balance</b> | <b>40.3</b> | <b>44.1</b> |

The acquisition of Centra Pulse and Connect on 2 September 2019 included a defined benefit pension plan. The transfer agreement with the seller stipulates that Careium intends to terminate its participation in this pension plan in 2020. Careium has submitted the pension plan as of 31 December 2020 and will settle the debt to the pension plan during the first half of 2021. In addition to the established value of the pension provision stated in the transfer agreement and which is reported as a pension provision in the financial statements, there is an agreement with the seller that the seller will pay any excess amount to end the participation in the pension plan up to a ceiling amount. There are no indications that the ceiling amount will be exceeded. As the pension provision is valued at the amount that Careium will pay when the participation in the pension plan ends, no assumptions for actuarial calculations are reported.

**Note 22 Other Provisions**

|                        | <b>2020</b> | <b>2019</b> |
|------------------------|-------------|-------------|
| <b>Opening Balance</b> | <b>3.7</b>  | <b>4.3</b>  |
| Amounts claimed        | -2.4        | -3.5        |
| New provisions         | 2.7         | 2.9         |
| Translation difference | 0.0         | 0.0         |
| <b>Closing Balance</b> | <b>4.1</b>  | <b>3.7</b>  |



## Note 23 Risk Management and Financial Instruments

The Group's management of financial risks is governed by a financial policy adopted by the Board. Risk management aims to reduce or eliminate risks. The main focus is on striving for a low-risk financial profile. Doro's finance function has had the overall responsibility for financial risk management, including financing, currency and interest rate risk management, liquidity management and cash management. Careium's financial activities will be centralised to take advantage of economies of scale, ensure good internal control and facilitate risk monitoring.

### Credit and Counterparty Risk

The Group is primarily exposed to credit risk in connection with commercial customer transactions but also in connection with financial transactions. The latter in the form of counterparty risk in forward hedges and emittance risk in the event of financial investments. Credit and counterparty risks are managed centrally. Financial instruments may only be made with approved banks. Short-term investments may only be made within the counterparty categories state, municipality and bank. In 2020, no short-term financial investments were made. Accounts receivable amounted to SEK 64.1 million (59.0) and leasing receivables to SEK 9.1 million (10.3). Careium has in recent years had low credit losses in that the main customer group is larger companies and public organisations. The largest customer accounts for less than 10 per cent of the Group's sales. In most countries, Careium works without credit insurance.

| Age Analysis of Accounts Receivable        | 2020        | 2019        |
|--|-------------|-------------|
| Not due                                    | 46.0        | 41.0        |
| Due <60 days                               | 7.1         | 4.0         |
| Due > 60 days                              | 18.0        | 22.1        |
| <b>Total Accounts Receivable</b>           | <b>71.1</b> | <b>67.1</b> |
| Feared customer losses                     | -7.0        | -8.0        |
| <b>Accounts Receivable in the Accounts</b> | <b>64.1</b> | <b>59.1</b> |

| Bad Accounts Receivable     | 2020        | 2019        |
|-----------------------------|-------------|-------------|
| <b>Opening Balance</b>      | <b>-8.0</b> | <b>-4.6</b> |
| Through acquisitions        | -0.4        | 0.0         |
| Assumed customer losses     | -2.7        | -0.1        |
| Established customer losses | 4.0         | -3.3        |
| Translation difference      | 0.1         | 0.0         |
| Amounts refunded            | 0.0         | 0.0         |
| <b>Closing Balance</b>      | <b>-7.0</b> | <b>-8.0</b> |

### Other receivables

Other receivables, including financial leasing receivables, have not fallen due for payment.

### Liquidity Risk

As part of the Doro Group, Careium has had intra-group financing and access to the cash pool that Doro has at its disposal. In anticipation of the potential demerger of the Doro Group, where Careium is preparing for a separate listing, Careium has entered into an agreement for external financing in the form of a framework loan, the so-called RCF, of SEK 450 million.

### Currency Risks

Careium is exposed to currency risks caused by unfavourable exchange rate fluctuations that may affect sales, earnings and equity. The currency risk is described below divided into transaction exposure and translation exposure, respectively.

### Transaction Exposure

Transaction exposure arises due to Careium having revenues and expenses in various currencies. Purchases of products are largely made in USD, while sales are made in SEK, GBP, NOK and EUR. Product sales make up about 20 per cent of sales, but some of the product purchases are made in local currency in each market. In other respects, purchases are made mainly in local currency in each market and other costs largely refer to personnel costs. The transaction exposure is therefore not normally considered to be significant.

### Translation Exposure

Translation exposure arises when foreign assets and liabilities as well as income statements in foreign subsidiaries are translated to SEK in connection with consolidation. Careium does not hedge the translation exposure. The value of net foreign assets at the end of the year amounted to SEK 252 million (206). The table below shows the distribution of these assets by currency.

| Value of foreign assets | 2020       | 2019       |
|-------------------------|------------|------------|
| NOK                     | 30         | 12         |
| EUR                     | 25         | 4          |
| GBP                     | 196        | 190        |
| <b>Total</b>            | <b>252</b> | <b>206</b> |

### Interest rate risk

Interest rate risk consists of the risk that the group's net interest income will deteriorate as a result of an increase in the market interest rate. Financing for the group has been managed by the parent company, Doro AB; the Careium Group therefore has no external financing in 2019 and 2020.

### Valuation of Financial Instruments

Financial instruments are valued either at fair value through profit or loss, fair value via other comprehensive income or at accrued acquisition value. All financial instruments, with the exception of debt for additional purchase price consideration, have been valued at accrued acquisition value in 2020 and 2019, respectively, and the carrying amount corresponds to fair value. Debt for additional purchase price consideration is valued at fair value. A breakdown of how fair value is determined is based on three levels:

Level 1: According to prices quoted on an active market for the same instrument

Level 2: Based on directly or indirectly observable market data not included in level 1

Level 3: based on input data that are not observable on the market

Additional purchase price consideration is valued at fair value according to level 3. The carrying amount corresponds to fair value.

## Note 24 Liabilities to credit institutions

For information on Financial leasing liabilities regarding leasing agreements, see Note 4. Careium had no other bank financing in 2019 and 2020, but the Group is financed with Group loans.



### Note 25 Related Party Transactions

With the exception of changes in group liabilities to the parent company, Doro AB, no related party transactions have occurred during the year.

### Note 26 Significant Events after the Annual Accounts

#### Acquisition

In February, the FirstCall 24/7 service business was acquired from Trent and Dove Housing. In September, the Dutch service company Innocom and the assets of Helpline were acquired from British housing association Bromford.

#### New financing

In November, Careium entered into an agreement with Nordea regarding a revolving credit facility in SEK. The loans will be raised when Careium's share is admitted to trading. The company's credit facility consists of a SEK 450 million revolving credit facility between Careium and Nordea. The loan facility contains the standard guarantees and commitments and does not contain any restrictions regarding dividends. The credit facility may mature early, in full or in part, if certain events occur, including but not limited to, non-payment of amounts due, failure to meet financial obligations (so-called financial covenants) or insolvency on the part of Careium.

In addition, the Company has issued subordinated perpetual capital notes with a nominal amount of SEK 50 million. All notes are held by Doro. The perpetual capital notes has no agreed maturity date, but Careium has the right to decide on settlement of the loan. Under the terms of the loan, it will be reported as equity in Careium.

### Note 27 Changes in debt

| SEK million                            | Other assets                                    |  | Debt attributable to financing activities             |                             |                            |              | Total |
|--|---|--|---|-----------------------------|----------------------------|--------------|-------|
|  | Cash and cash equivalents/over-draft facilities | Financial leasing agreements that mature within 1 year | Financial leasing agreements that mature after 1 year | Loans payable within 1 year | Loans payable after 1 year |              |       |
| <b>Net debt as of 31 December 2019</b> | <b>-53.9</b>                                    | <b>10.6</b>  | <b>22.7</b>   | <b>0.0</b>                  | <b>53.4</b>                | <b>32.8</b>  |       |
| Cashflow                               | 16.9  | -11.6  |   |                             | 38.5                       | 43.8         |       |
| Exchange rate differences              | 4.8   |  |   |                             |                            | 4.8          |       |
| Additional right-to-use assets rights  |   | 14.9   | 11.1  |                             |                            | 26.0         |       |
| Total non-cash items                   |   |  |   |                             |                            | 0.0          |       |
| Acquisition                            |   |  |   |                             | 1.4                        | 1.4          |       |
| <b>Net debt as of 31 December 2020</b> | <b>-32.2</b>                                    | <b>13.9</b>  | <b>33.8</b>   | <b>0.0</b>                  | <b>93.3</b>                | <b>108.8</b> |       |

**Note 28 Cost-Disaggregated Income Statement**

| <b>Group<br/>SEK million</b>                          | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
| <b>Operating Income</b>                               |             |             |
| Net sales   | 524.1       | 476.7       |
| Other operating income                                | 8.9         | 2.6         |
| <b>Operating Expenses</b>                             |             |             |
| Merchandise   | -99.7       | -99.4       |
| Other external expenses                               | -82.6       | -77.5       |
| Personnel costs                                       | -273.3      | -236.5      |
| Depreciation and impairments of tangible fixed assets | -33.8       | -26.6       |
| Depreciation and impairments of intangible assets     | -15.7       | -16.7       |
| Other operating expenses                              | 0.5         | 0.0         |
| <b>Operating Profit</b>                               | <b>28.4</b> | <b>22.6</b> |
| <b>Profit from Financial Items</b>                    |             |             |
| Interest income and similar income items              | 0.3         | 0.3         |
| Interest expenses and similar income items            | -2.4        | -1.4        |
| <b>Profit after Financial Items</b>                   | <b>26.3</b> | <b>21.5</b> |
| Tax on Profit for the Year                            | -7.5        | -9.0        |
| <b>PROFIT FOR THE YEAR</b>                            | <b>18.8</b> | <b>12.5</b> |

# Independent Auditor's Report

**To the Board of Directors of Doro AB (publ), corp. reg. no. 559121-5875**

## **Report on the Consolidated Financial Statements** *Statements*

We have audited the consolidated financial statements of Careium AB (publ) for the period of two financial years ending 31 December 2020. The Group's consolidated financial statements are included on pages 38-55 of this document.

In our opinion, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and present fairly, in all material respects, the financial position of the Group as at 31 December 2020 and 31 December 2019 and its financial performance and its cash-flows for each of the two years in the period ended 31 December 2020 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### ***Basis for statements***

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the section Responsibilities of the Auditor. We are independent in relation to the group in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessing the Group's ability to continue as a going concern. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the going concern assumption. However, the going concern assumption does not apply if the Board of Directors and the Chief Executive Officer intend to liquidate the company, cease operations or have no realistic alternative to doing any of these things.

### ***Auditor's Responsibility***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement, if any such exist. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts can be found on the website of the Inspectorate of Auditors: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the Auditor's Report.

Malmö, November 30 2021  
Öhrlings PricewaterhouseCoopers AB

**Johan Rönnbäck**  
*Authorised Public Accountant*

# Addresses

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