

Atonomics A/S

Borupvang 3
2750 Ballerup
CVR no. 25 64 85 87

Annual report 2016

16th financial year

Annual general meeting held on

Contents

	Page

Company details	3
Management's review	4-5
Statement by the Board of Directors and the Executive Board	6
Independent auditors' report	7-9
Accounting policies	10-13
Income statement for 2016	14
Balance sheet at 31 December 2016	15-16
Notes	17-22

Company details

Atonomics A/S

CVR-no. 25 64 85 87

Established: 5 October 2000

Registered office: Ballerup Kommune

Ownership

The Company's shares are held by:

Inventages Venture Capital Investment Inc., Bahama
Neurosearch A/S, Denmark
Sunstone Capital A/S, Denmark
PeTeL Holding A/S, Denmark
MuRata Manufacturing Co. Ltd., Japan
Beckman Coulter, Inc., USA
Omron Healthcare, Co., Ltd.

Board of Directors

Julian Pieters (Chairman of the Board of Directors)
Gunnar Weikert
Thomas Warthoe

Executive Board

Thomas Warthoe

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Torben Kristensen
State Authorised Public Accountant

Bank

Nykredit Bank

Management' review

Atonomics' mission is to develop professional quality, low cost diagnostics so that consumers and their health care providers can monitor health and disease from home – reducing costs, improving disease outcomes and optimizing well-being.

Atonomics' product, to be known as Trace® is a small, portable diagnostic instrument (a small box the size of a smart phone) that utilizes advanced technologies to read finger stick whole blood samples using standard professional assay reagents. Each biomarker assay is integrated into a single capsule and disposed of after use.

Due to its unique technology and elegant workflow, the device delivers exceptional professional quality data with dramatically lower costs than existing diagnostic devices (retail price to be less than <Eur150 for the device and biomarker capsules each at Eur10-12,-). This unlocks largely untapped emerging markets in diagnostics and health monitoring underlined by the increasing wellness and diagnostic monitoring by consumers themselves in the comfort of their own home.

The company estimates the total market for consumer diagnostics currently to be at c. \$3bn p.a. with the potential to grow further as people start to accept in-home diagnostics as part of their daily life; the company believes it is in a unique position versus other diagnostics manufactures to capitalize on this opportunity driven by its clear technology USPs.

2017 is the year where the company start sales into clinical and consumer markets and where upscale of production in order to meet future demands is an operational key focus for the company.

Trace® first commercial launch Q3 2017 will include a capsule for a Lipid panel (Total cholesterol, HDL, LDL, Triglycerides) followed later in 2017 with two additional capsules (C-Reactive Protein targeted at inflammation and HbA1c which today is the biomarker of choice for diagnosing and monitoring diabetes and pre diabetes stages). Over the coming years the product portfolio will be additionally expanded with a range of lifestyle and disease related biomarker capsules.

Atonomics has during the year entered into a key partnership with Samsung IoT – now a valued supply partner for Atonomics in regard to supplying connectivity hardware modules as well as a partner on a commercial cloud service with the purpose of providing and combining data through commercial Apps. Atonomics expects to continue to develop its software platform to be able to collect and store health data and integrate and provide health data through various types of clinical- and commercial applications. Collecting, storing and analyzing consumer health data is expected over time to be a valuable asset in a big data context and Atonomics expect to continue to further its position and capitalize on this opportunity.

The company is additionally planning partnerships with professional institutions and corporate partners within disease and lifestyle segments with a focus on combining biomarker health and dietary advice. The company's business model segmentation is initially focused on people with hereditary hyperlipidemia and on the vast group of people in a lifestyle related pre diabetes stage, thus the company expect generally and over time that the Trace® platform is relevant for people with a clinical diagnosis as well as for people with just a wish to improve on lifestyle and health in general.

Atonomics management team includes a seasoned and entrepreneurial founding group with successful previous exits achieved together with a technical team with a history of innovation and execution. In previous industrial collaborations, the team has demonstrated its ability to develop high quality, point of care diagnostics products with exceptional performance characteristics.

In 2016, the Company's development activities resulted in a loss of DKK 882.630 after capitalisation of the development costs incurred in the period amounting to DKK 7.650.584.

The Board of Directors proposes that the Company's operating loss should be distributed as follows:

Transferred from previous years	DKK	-88.873.833
Operating loss for the year	DKK	2.956.616

Transferred to next year	DKK	-91.830.449

Apart from the information already disclosed, it is the Board of Directors' opinion that no events have occurred after the balance sheet date which may affect the assessment of the financial statements.

Atonomics A/S' Management considers the realised results, both technological and operational, for 2016 as very satisfactory.

Atonomics' Management would like to take the opportunity to thank all business partners and employees for the loyalty and cooperation they have shown.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Atonomics A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report approved at the annual general meeting.

Ballerup, May 9th 2017

Executive Board:



Thomas Warthoe

Board of Directors:

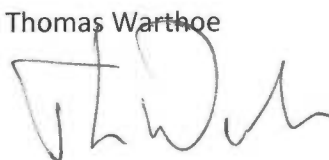
Julian Pieters



Gunnar Weikert



Thomas Warthoe



Independent auditors' reports

To the shareholders of Atonomics A/S

Opinion

We have audited the financial statements of Atonomics A/S for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report in the "Auditors' responsibility for the audit of the financial statements" paragraph. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material going concern uncertainties

We wish to draw attention to the fact that the Company's ability to continue as a going concern is associated with considerable uncertainty. We refer to note 1 in the financial statements, which reflects uncertainty as to whether binding commitments will be entered into for the financing of the Company's operations and the necessary investments in the coming years. However, as Management believes that such commitments will be entered into, the financial statements have been prepared on a going concern basis. We have not modified our opinion in respect of this matter.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

Independent auditors' reports

Auditors' responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect any material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or combined - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

Consider the overall presentation, structure and contents of the financial statements, including note disclosures, and determine whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant internal control weaknesses identified during our audit.

Independent auditors' reports

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Report on other legal and regulatory requirements

Violation of the provisions in Danish Financial Statements Act regarding submission of annual reports

In violation of Danish legislation, the company submitted the 2015 annual report without inserted auditors' report. The Company did not observe the deadline for submission of the annual report for 2015. Management may incur liability in this respect.

Ballerup, May 9th 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Torben Kristensen

State Authorised
Public Accountant

Accounting policies

The annual report of Atonomics A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Pursuant to section 110 of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

The accounting policies used in the preparation of the financial statements are consistent with those of previous years.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Revenue

Income in the form of milestone payments, which are not made in connection with capital increases, is recognised in the income statement when the Company has obtained the right to the

Accounting policies

milestone payments and provided the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties.

Development costs

Development costs comprise wages and salaries, costs and amortisation relating to the Company's development activities.

Development costs are expensed in the year when they are incurred unless they are specific product development costs where there is sufficient assurance that the developed products will generate revenue which can cover both production costs and amortisation of product development costs.

Development costs are amortised from the date when the development work is utilised either through sale of products or in connection with the conclusion of agreements regarding the utilisation of the technology developed in connection with the development work.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividend from investments in subsidiaries is recognised as income in the financial year when the dividend is declared.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Accounting policies

Balance sheet

Intangible assets

Product development costs are measured at cost less accumulated amortisation and impairment losses.

Costs for leasehold improvements are recognised at cost less accumulated amortisation. Costs are amortised on a straight-line basis over a period of 5 years.

Rights, patents and licences are measured at cost less accumulated amortisation. Patents are amortised over the remaining patent period, and rights and licences are amortised over the contract period, although not exceeding five years.

Rights and licences are amortised from the date when the rights and licences are utilised either through sale of products or in connection with the conclusion of agreements regarding the utilisation of the technology developed in connection with the development work.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	5-7 years
Cars	3 years

Property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Investments

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset value determined based on the parent company's accounting policies. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation

Accounting policies

reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity – dividends

Dividend proposed for the year is recognised as a liability at the date it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is shown as a separate item in equity.

Corporate income tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, e.g. regarding shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred tax assets are recognised provided that they are expected to be utilised within 3-5 years from the balance sheet date.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received less transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

INCOME STATEMENT

Year 2016

	Note	DKK	2015 DKK'000
Work performed on own account and risk recognised as assets	4	7.650.584	8.737
Direct development costs	1	-325.633	-4.109
Other external costs		-2.011.114	-1.950
Staff costs	2	-7.564.921	-5.369
Depreciations and impairments	5,6	-3.512.595	-222
Total development costs		-5.763.680	-2.913
Profit/loss from investment in subsidiaries	7	-9.441	-7
Financial expenses		-253.888	-2.358
Profit/loss before tax		-6.027.009	-5.278
Tax on profit from ordinary activities	3	3.070.393	2.780
PROFIT/LOSS FOR THE YEAR		-2.956.616	-2.498

BALANCE SHEET AT 31. DECEMBER 2016

ASSETS	Note	DKK	31/12 2015 DKK'000
NON-CURRENT ASSETS			
Intangible assets			
Development costs	4	165.223.601	160.815
Total intangible assets		165.223.601	160.815
Property, plant and equipment			
Leasehold improvements	5	0	0
Fixtures and fittings	6	634.372	364
Total property, plant and equipment		634.372	364
Investments			
Investment in subsidiary	7	628.823	638
Total Investments		628.823	638
TOTAL NON-CURRENT ASSETS		166.486.796	161.817
CURRENT ASSETS			
Receivables			
Other receivables		457.476	193
Total receivables		457.476	193
Cash at bank and in hand		2.741.953	2.110
TOTAL CURRENT ASSETS		3.199.429	2.303
TOTAL ASSETS		169.686.225	164.120

BALANCE SHEET AT 31. DECEMBER 2016

EQUITY AND LIABILITIES	Note	DKK	31/12 2015 DKK'000
EQUITY			
Share capital	8	13.159.378	13.159
Share premium	8	71.942.125	79.593
Reserve for development costs	8	165.223.601	157.573
Retained earnings	8	-91.830.449	-88.874
TOTAL EQUITY		158.494.656	161.451
LIABILITIES			
Current liabilities			
Loan from shareholders		8.080.767	-
Amounts owed to group interprises		670.073	236
Trade payables		1.178.032	1.568
Other payables		1.262.697	865
Total current assets		11.191.569	2.669
TOTAL LIABILITIES		11.191.569	2.669
TOTAL EQUITY AND LIABILITIES		169.686.225	164.120
Related parties	9		
Contingent liabilities	10		
Mortgages and collateral	11		

Notes to the financial statements

Note 1

The Company's Management has prepared the financial statements based on a going concern assumption. This assumption is dependent on the Company's ability to obtain financing for its future operations and the development of the Trace device. In 2015 a loan – Mill. EUR 1,0 – was provided by one of the company's shareholders. Same shareholder will increase the loan to Mill. EUR 1,5 when CE-mark is achieved, expectedly during May 2017. The loan matures December 31st 2017 or converts to shares in the company.

Present shareholder has agreed to inject Mill. EUR 1,6 as equity when achieving CE-mark, to cover operations and to cover specific project costs for lowering cost price on the company's TRACE instrument.

The company has ongoing negotiations with a European diagnostic company interested in having the company's diagnostic system to support their existing products. The company expects an agreement during June 2017, which will provide Mill. EUR 0,7 as project income.

In addition the company has submitted two grant applications – Horizon 2020 and Markedsmodningsfonden – which can provide up to Mill. EUR 2,0 during 2017-18 earmarked for supporting marketing of the company's TRACE system.

Note 2 Development costs

Development costs comprise the purchase of chemicals, reagents, licences and rights as well as small apparatuses used for the biological development of the selected disease applications. In addition, development costs comprise expenses for the entities and business partners with which Atonomics A/S develops the biosensor instrument. Moreover, expenses for patenting are also included in development costs.

Note 3 Staff costs

Total staff costs comprise:

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Salaries and wages	7.348.592	5.328
Other social security costs	48.705	41
Board fees	167.625	-
Adjustment of holiday pay obligations	<u>0</u>	<u>0</u>
	<u><u>7.564.921</u></u>	<u><u>5.369</u></u>

Notes to the financial statements

Note 4 Tax

The Company has no tax liabilities.

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Income from the Tax credit scheme	<u>3.070.393</u>	<u>2.780</u>
	<u>3.070.393</u>	<u>2.780</u>

At the balance sheet date, the Company had a deferred tax asset of DKK 5.056 thousand, which has not been provided for in the financial statements.

No corporation tax has been paid during the financial year.

Note 5 Development costs

In 2016, the Company continued its work on developing its biosensor technology, which is expected to generate income during 2017.

The objective of the Company is to develop applications for diagnosing various diseases; partly in cooperation with diagnostics companies and partly own applications.

In 2017, it is the goal to make the Atolyzer instrument ready for production.

Considering the Company's utilisation prospects, the costs incurred during the period for raw materials, wages and salaries, have been capitalised and will be amortised over the useful life of the product.

Costs	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Cost at 1 January	160.814.478	152.077
Addition for the period - development costs	7.650.584	8.737
Reduction for the period	<u>-3.241.461</u>	<u></u>
Cost at 31 December	<u>165.223.601</u>	<u>160.814</u>

Notes to the financial statements

Note 6 Leasehold improvements

Acquisition	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Balance 1 January	<u>109.234</u>	<u>109</u>
Cost at 31 December	<u>109.234</u>	<u>109</u>
Depreciation, amortisation and impairment losses		
Balance 1 January	109.234	109
Depreciation for the period	<u>0</u>	<u>0</u>
Depreciation and impairment losses at 31 december	<u>109.234</u>	<u>109</u>
Carrying amount at 31 December	<u><u>0</u></u>	<u><u>0</u></u>

Notes to the financial statements

Note 7 Plant and equipment

<u>Acquisition</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Balance at 1 January	4.315.971	4.556
Additions for the period	541.228	0
Reduction for the period	<u>-598.375</u>	<u>-240</u>
Cost at 31 December	<u>4.258.824</u>	<u>4.316</u>
Depreciation, amortisation and impairment losses		
Balance at 1 January	3.951.693	3.977
Depreciations for the period	271.134	215
Reduction for the period - depreciations	<u>-598.375</u>	<u>-240</u>
Depreciation and impairment losses at 31 December	<u>3.624.452</u>	<u>3.952</u>
Carrying amount at 31 December	<u><u>634.372</u></u>	<u><u>364</u></u>

Notes to the financial statements

Note 8 Shares in subsidiary

On 28 June 2004, the Company acquired all the shares in Azign Bioscience A/S, Copenhagen.

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Cost, shares	1.153.404	1.154
Value adjustment at 1 January	-515.140	-509
Operating profit/loss for 2015	-9.441	-7
Value adjustment at 31 December	-524.581	-516
Investment in group enterprises at 31 December	<u>628.823</u>	<u>638</u>

The value of the shares in the subsidiary has been determined at the Company's net asset value at the balance sheet date.

Note 9 Equity

The Company's share capital comprises 35.327.189 shares of EUR 0.05 each, totalling EUR 1.766.359, corresponding to DKK 13.159.378.

Share capital

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Share capital at 1 January	13.159.378	2.987
Capital contribution in the year	-	221
Write down of share capital	-	-
Issuance of bonus shares	-	9.951
Share capital at 31 December	<u>13.159.378</u>	<u>13.159</u>

Notes to the financial statements

Note 9 Equity (continued)

Share premium

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Share premium at 1 January	237.165.727	217.206
Premium on capital contribution in the year	-	29.910
Write down of share capital	-	-
Issuance of bonus shares	-	-9.950
Transferred to reserve for development costs	<u>-165.223.601</u>	
Share premium at 31 December	<u><u>71.942.126</u></u>	<u><u>237.166</u></u>

Reserve for development costs

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Reserve at 1 january	157.573.017	157.573
Additions for the period	<u>7.650.584</u>	
Reserve at 31 december	<u><u>165.223.601</u></u>	<u><u>157.573</u></u>

Retained earnings

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Retained earnings at 1 january	-88.873.833	-86.376
Retained earnings according to distribution of loss	<u>-2.956.616</u>	<u>-2.498</u>
Retained earnings at 31 December	<u><u>-91.830.449</u></u>	<u><u>-88.874</u></u>

At the general meetings on 31 December 2002 and 24 March 2003, it was decided to issue warrants for the subscription of A shares in the Company at specified terms. At the same time, the general meetings made a decision as to the cash capital increase related to the warrants amounting to nom. EUR 28.750.

At the general meeting on 10 November 2014, it was decided to issue 2.150.000 warrants for the subscription of C shares in the Company at specified terms. At the same time, the general meetings made a decision as to the cash capital increase related to the warrants amounting to nom. EUR 107.500.

The warrants may be exercised from 1 August 2015 to 1 November 2019.

The subscription price has been determined at 0,093.

Notes to the financial statements

Note 10 Related parties

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

PeTeL Holding A/S, Willemoesgade 54, DK-2100 Copenhagen Ø
Sunstone Capital A/S, Lautrupsgade 7, 5, DK-2200 Copenhagen
Inventages Venture Capital Investments Inc., Wintherbotham Place, Marlborough & Queen
Streets, P.O. Box N-3026, Nassau, the Bahamas

Note 11 Contingent liabilities

The company is liable for payment of 6 months' rent of premises, total DKK 150.000.

Apart from the information already disclosed in the financial statements, the Company has not assumed any liabilities other than what is normal in the industry.

Note 12 Mortgages and collateral

The company has not placed any assets or other as security for loans at 31 December 2016.