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UNEEG medical A/S
Nymøllevej 6
3540 Lynge
Business Registration No
29140774

Annual report 01.05.2017 - 30.04.2018

The Annual General Meeting adopted the annual report on 18.09.2018

Chairman of the General Meeting

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Name: Søren Erik Westermann

Contents

Entity details

Entity
UNEEG medical A/S
Nymøllevej 6
3540 Lynge

Central Business Registration No (CVR): 29140774
Registered in: Allerød
Financial year: 01.05.2017 - 30.04.2018

Board of Directors
Søren Erik Westermann, Chairman
Henrik Skak Bender
Henning Beck-Nielsen
Kurt Christiansen
Richard Tøpholm

Executive Board
Torben Sandgren

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of UNEEG medical A/S for the financial year 01.05.2017 - 30.04.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lynge, 03.09.2018

Executive Board

Torben Sandgren

Board of Directors

Søren Erik Westermann Chairman	Henrik Skak Bender	Henning Beck-Nielsen
Kurt Christiansen	Richard Tøpholm	

Independent auditor's report

To the shareholders of UNEEG medical A/S

Opinion

We have audited the financial statements of UNEEG medical A/S for the financial year 01.05.2017 - 30.04.2018, which comprise the 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 Entity's financial position at 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 03.09.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen	Bjarne Iver Jørgensen
State Authorised Public Accountant	State Authorised Public Accountant
Identification No (MNE) mne33276	Identification No (MNE) mne35659

Management commentary

Primary activities

The Company's main activity, like previous years, consists of commercializing devices for warning of hypoglycaemic seizures and all activities that, in the opinion of the Board, are related to this.

Development in activities and finances

Gross loss for the year amounts to DKK 3.672 thousand compared to DKK 6.490 thousand last year. The ordinary result after tax amounts to DKK 7.016 thousand against DKK 13.786 thousand last year. Loss for the year corresponds to Management's expectations. The Company has entered a financing agreement with the Shareholders regarding the development activities in the Company.

Research and development activities

The Company has many years of experience in conducting research and developing new technology and methods related to hypoglycaemic seizures. To maintain its position in a highly competitive market, the Company continued to strengthen its Research & Development department during the financial year. In 2017/18 R&D costs of DKK 21 million has been capitalised as development projects. The capitalisation follws the accounting policies set out at the end of the financial statements and internal R&D registrations, which have been further strengthened during 2017/18. As no amortisation has started on this initial capitalisation this has positive impact on the results for 2017/18.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	Number	Nominal value DKK'000	Share of contributed capital %
Treasury shares			
Holding of treasury shares:			
Treasury shares	6.017	6.017	0,3
	6.017	**6.017**	**0,3**

Income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Gross loss		**(3.672)**	**(6.490)**
Staff costs	1	(2.912)	(9.432)
Depreciation, amortisation and impairment losses		(300)	(251)
Operating profit/loss		**(6.884)**	**(16.173)**
Other financial income	2	16	26
Other financial expenses	3	(2.124)	(1.330)
Profit/loss before tax		**(8.992)**	**(17.477)**
Tax on profit/loss for the year	4	1.976	3.691
Profit/loss for the year		**(7.016)**	**(13.786)**
Proposed distribution of profit/loss			
Retained earnings		(7.016)	(13.786)
		(7.016)	**(13.786)**

Balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Acquired intangible assets		1.472	1.755
Development projects in progress		20.677	0
Intangible assets	5	**22.149**	**1.755**
Other fixtures and fittings, tools and equipment		67	84
Property, plant and equipment	6	**67**	**84**
Fixed assets		**22.216**	**1.839**
Receivables from group enterprises		651	255
Other receivables		666	402
Joint taxation contribution receivable		6.461	3.952
Prepayments		61	85
Receivables		**7.839**	**4.694**
Cash		**1.970**	**1.382**
Current assets		**9.809**	**6.076**
Assets		**32.025**	**7.915**

Balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		2.388	2.388
Reserve for development expenditure		16.129	0
Retained earnings		(43.881)	(20.736)
Equity		**(25.364)**	**(18.348)**
Deferred tax		4.862	377
Provisions		**4.862**	**377**
Payables to group enterprises		48.705	22.545
Non-current liabilities other than provisions		**48.705**	**22.545**
Trade payables		1.419	1.963
Payables to group enterprises		692	0
Other payables		1.711	1.378
Current liabilities other than provisions		**3.822**	**3.341**
Liabilities other than provisions		**52.527**	**25.886**
Equity and liabilities		**32.025**	**7.915**
Contingent assets	7		
Contingent liabilities	8		
Group relations	9		

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.388	0	(20.736)	(18.348)
Transfer to reserves	0	16.129	(16.129)	0
Profit/loss for the year	0	0	(7.016)	(7.016)
Equity end of year	**2.388**	**16.129**	**(43.881)**	**(25.364)**

Notes

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	2.173	9.065
Pension costs	473	103
Other social security costs	128	92
Other staff costs	138	172
	2.912	**9.432**
Average number of employees	**18**	**14**

	2017/18 DKK'000	2016/17 DKK'000
2. Other financial income		
Financial income arising from group enterprises	9	0
Other interest income	1	0
Exchange rate adjustments	6	26
	16	**26**

	2017/18 DKK'000	2016/17 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	2.112	1.304
Other interest expenses	12	8
Exchange rate adjustments	0	18
	2.124	**1.330**

	2017/18 DKK'000	2016/17 DKK'000
4. Tax on profit/loss for the year		
Current tax	(6.461)	(3.952)
Change in deferred tax	4.485	(6)
Adjustment concerning previous years	0	267
	(1.976)	**(3.691)**

Notes

	Acquired intangible assets DKK'000	Develop-ment projects in progress DKK'000
5. Intangible assets		
Cost beginning of year	3.248	0
Additions	0	20.677
Cost end of year	**3.248**	**20.677**
Amortisation and impairment losses beginning of year	(1.493)	0
Amortisation for the year	(283)	0
Amortisation and impairment losses end of year	**(1.776)**	**0**
Carrying amount end of year	**1.472**	**20.677**

Development projects

Development projects relate to the development of products for monitoring of Epilepsy and Diabetes patients. The costs of the development projects comprise salaries, external consultant costs and other external costs that are directly and indirectly attributable to the development projects. The recognition of development costs is based on the actual progress of the projects, measured based on internal time registrations and achieved milestones. The development projects are progressing as planned.

	Other fixtures and fittings, tools and equipment DKK'000
6. Property, plant and equipment	
Cost beginning of year	87
Cost end of year	**87**
Depreciation and impairment losses beginning of year	(3)
Depreciation for the year	(17)
Depreciation and impairment losses end of year	**(20)**
Carrying amount end of year	**67**

Notes

7. Contingent assets

The Company has for a number of years realized tax losses, which is why the Company has a negative deferred tax of DKK 7.176 thousand per 30 April 2018. The negative deferred tax is not recognized in the balance sheet as there is significant uncertainty associated with the measurement of the asset net realizable value.

8. Contingent liabilities

The Company has entered into operating leases with an average annual lease payment of DKK 44 thousand. The leases have a residual maturity of 11 months and a total lease payment of DKK 44 thousand.

The company has entered into contractual obligations regarding the lease of premises corresponding to DKK 132 thousand.

The Company participates in a Danish joint taxation arrangement where Widex Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Widex Holding A/S, Nymøllevej 6, 3450 Lynge

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for distribution, premises and administration.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

Cash
Cash comprises cash in hand and bank deposits.

Treasury shares
Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.