

PKF Munkebo Vindelev
Statsautoriseret Revisionsaktieselskab



Annual report 2016

Company reg. no. 35 40 05 40

NociTech ApS

Niels Jernes Vej 10

9220 Aalborg

The annual report have been submitted and approved by the general meeting on 13 March 2017

Kristian Hennings
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of NociTech ApS for the financial year 1 January to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aalborg, 13 March 2017

Managing Director

Kristian Hennings

Board of directors

Finn Winchler Andersen

Thomas Graven-Nielsen

Lars Arendt-Nielsen

Peter Boman Samuelsen

Independent auditor's report

To the shareholders of NociTech ApS

Opinion

We have audited the annual accounts of NociTech ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts 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 deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 13 March 2017

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant

Company data

| | |
|---------------------------|---|
| The company | NociTech ApS Niels Jernes Vej 10 9220 Aalborg |
| | Company reg. no. 35 40 05 40 Established: 11 July 2013 Domicile: Aalborg Kommune Financial year: 1 January 2016 - 31 December 2016 4th financial year |
| Board of directors | Finn Winchler Andersen Thomas Graven-Nielsen Lars Arendt-Nielsen Peter Boman Samuelson |
| Managing Director | Kristian Hennings |
| Auditors | PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup |
| Bankers | Jyske Bank, Klampenborgvej 203, 2800 Kgs. Lyngby |

Financial highlights

| DKK in thousands. | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Profit and loss account: | | | | |
| Gross profit | -1.306 | -884 | -1.248 | -461 |
| Results from operating activities | -1.408 | -884 | -1.248 | -882 |
| Net financials | 1 | 0 | 0 | 1 |
| Results for the year | -1.154 | -738 | -1.015 | -716 |
| Balance sheet: | | | | |
| Balance sheet sum | 886 | 2.040 | 914 | 2.099 |
| Equity | 720 | 1.874 | 729 | 4.090 |

The financial highlights for 2013 only comprise the period 11 July 2013 - 31 December 2013.

Management's review

The significant activities of the company

The significant activities of the enterprise is to develop, market and sell the NociTech-platform, which is an advanced medical equipment used for pain measurement and profiling patients.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -1.153.737 against DKK -738.355 last year. The management consider the results unsatisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for NociTech ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

THE PROFIT AND LOSS ACCOUNT

Gross loss

The gross loss comprises the external costs.

Other external costs comprise costs for administration and development including patents, consultancy and travel costs.

Development costs, patents and similar are not capitalized.

Net financials

Net financials include interest income, interest expenses, and exchange differences. Net financials are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

THE BALANCE SHEET

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Capitalised development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and d not exceed 20 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the realisation of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

| <u>Note</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-----------------|
| Gross loss | -1.306.003 | -884.340 |
| 1 Staff costs | -102.237 | 0 |
| Operating profit | -1.408.240 | -884.340 |
| Other financial income | 764 | 237 |
| Other financial costs | -91 | 0 |
| Results before tax | -1.407.567 | -884.103 |
| 2 Tax on ordinary results | 253.830 | 145.748 |
| Results for the year | -1.153.737 | -738.355 |
| Proposed distribution of the results: | | |
| Allocated from results brought forward | -1.153.737 | -738.355 |
| Distribution in total | -1.153.737 | -738.355 |

Balance sheet 31 December

All amounts in DKK.

| Assets | | | |
|---------------|--|----------------|------------------|
| Note | | 2016 | 2015 |
| | Fixed assets | | |
| 3 | Acquired concessions, patents, licenses, trademarks and similar rights | 0 | 0 |
| 4 | Development projects in progress and prepayments for intangible fixed assets | 0 | 0 |
| | Intangible fixed assets in total | 0 | 0 |
| | Fixed assets in total | 0 | 0 |
| | Current assets | | |
| | Trade debtors | 23.804 | 0 |
| 5 | Receivable corporate tax | 253.830 | 145.748 |
| | Other debtors | 163.425 | 105.878 |
| | Accrued income and deferred expenses | 2.731 | 0 |
| | Debtors in total | 443.790 | 251.626 |
| | Cash funds | 442.480 | 1.787.943 |
| | Current assets in total | 886.270 | 2.039.569 |
| | Assets in total | 886.270 | 2.039.569 |

Balance sheet 31 December

All amounts in DKK.

| Equity and liabilities | | 2016 | 2015 |
|-------------------------------|--|-----------------------|-------------------------|
| Note | | <u> </u> | <u> </u> |
| | Equity | | |
| 6 | Contributed capital | 140.047 | 140.047 |
| 8 | Results brought forward | 580.377 | 1.734.114 |
| | Equity in total | <u>720.424</u> | <u>1.874.161</u> |
| | Liabilities | | |
| | Trade creditors | 137.670 | 140.408 |
| | Other debts | 28.176 | 25.000 |
| | Short-term liabilities in total | <u>165.846</u> | <u>165.408</u> |
| | Liabilities in total | <u>165.846</u> | <u>165.408</u> |
| | Equity and liabilities in total | <u>886.270</u> | <u>2.039.569</u> |

9 Contingencies

Notes

All amounts in DKK.

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|
| 1. Staff costs | | |
| Salaries and wages | 100.928 | 0 |
| Other staff costs | <u>1.309</u> | <u>0</u> |
| | <u>102.237</u> | <u>0</u> |
| | | |
| 2. Tax on ordinary results | | |
| Tax of the results for the year - tax credit | <u>-253.830</u> | <u>-145.748</u> |
| | <u>-253.830</u> | <u>-145.748</u> |
| | | |
| | <u>31/12 2016</u> | <u>31/12 2015</u> |
| | | |
| 3. Acquired concessions, patents, licenses, trademarks and similar rights | | |
| Cost 1 January 2016 | <u>79.994</u> | <u>79.994</u> |
| Cost 31 December 2016 | <u>79.994</u> | <u>79.994</u> |
| | | |
| Amortisation and writedown 1 January 2016 | <u>-79.994</u> | <u>-79.994</u> |
| Amortisation and writedown 31 December 2016 | <u>-79.994</u> | <u>-79.994</u> |
| | | |
| Book value 31 December 2016 | <u>0</u> | <u>0</u> |
| | | |
| 4. Development projects in progress and prepayments for intangible fixed assets | | |
| Cost 1 January 2016 | <u>340.800</u> | <u>340.800</u> |
| Cost 31 December 2016 | <u>340.800</u> | <u>340.800</u> |
| | | |
| Amortisation and writedown 1 January 2016 | <u>-340.800</u> | <u>-340.800</u> |
| Amortisation and writedown 31 December 2016 | <u>-340.800</u> | <u>-340.800</u> |
| | | |
| Book value 31 December 2016 | <u>0</u> | <u>0</u> |

Notes

All amounts in DKK.

| | <u>31/12 2016</u> | <u>31/12 2015</u> |
|--|-----------------------|-----------------------|
| 5. Receivable corporate tax | | |
| Receivable corporate tax 1 January 2016 | 145.748 | 234.072 |
| Paid corporate tax concerning last year | -145.748 | -234.072 |
| Calculated corporate tax for the present year - tax credit | 253.830 | 145.748 |
| | <u>253.830</u> | <u>145.748</u> |
| | | |
| 6. Contributed capital | | |
| Contributed capital 1 January 2016 | 140.047 | 113.522 |
| Cash capital increase | 0 | 26.525 |
| | <u>140.047</u> | <u>140.047</u> |

Within the latest 5 years, the following changes in the share capital have taken place:

| | |
|---|-----------------------|
| Company capital on formation 11 July 2013 | 80.000 |
| Capital increase cash- and non-cash contribution 15 July 2013 | 33.522 |
| Capital increase cash contribution 17 August 2015 | 26.525 |
| | <u>140.047</u> |

| | <u>31/12 2016</u> | <u>31/12 2015</u> |
|--|-------------------|-------------------|
| 7. Share premium account | | |
| Share premium account 1 January 2016 | 0 | 0 |
| Share premium account for the year | 0 | 1.856.750 |
| Share premium transferred to results brought forward | 0 | -1.856.750 |
| | <u>0</u> | <u>0</u> |

Notes

All amounts in DKK.

| | <u>31/12 2016</u> | <u>31/12 2015</u> |
|---|-----------------------|-------------------------|
| 8. Results brought forward | | |
| Results brought forward 1 January 2016 | 1.734.114 | 615.719 |
| Profit or loss for the year brought forward | -1.153.737 | -738.355 |
| Transferred from share premium | <u>0</u> | <u>1.856.750</u> |
| | <u>580.377</u> | <u>1.734.114</u> |

9. Contingencies

The company has an unrecognized deferred tax asset of 228 T.DKK., as there is uncertainty as to when this may be exploited in future earnings.