

Board of directors' report 2016

Mentis Cura AS

Address: Gaustadalléen 21, 0349 OSLO

Org.nr: 916997477 VAT

The business

Mentis Cura AS was founded 30 March 2016. Its main operation is research and development related to central nervous system diseases. The company's head office is located in Oslo.

Financial performance

The revenue in 2016 was NOK 688 594. The equity as per 31.12.2016 was 98 %. The Board considers that the annual accounts give an accurate description of Mentis Cura AS's assets and liabilities, financial position and result.

Research and development activities

The company has had the following research and development activities in 2016:

The company continues to build on the core expertise of its Icelandic subsidiary around harvesting diagnostic and prognostic information from non-invasive and ubiquitous electroencephalogram (EEG) recordings. While R&D efforts cover several central nervous system disorders, ranging from ADHD to Huntington's Disease, clinical development is currently focused on dementia.

During the year, the company prepared for launching a pivotal clinical trial in 2017 for an early stage prognostic product which helps clinicians assess which individuals with mild cognitive impairment are unlikely to develop Alzheimer's Disease. A clinical trial has been designed which will enable regulatory clearance in major markets, including the United States, and the company has recruited experts in medical device clinical evaluation to its Oslo office to manage that study.

The company also continues to further develop a separate product for differential diagnosis of dementia, which has shown great success during commercial pilot use in Iceland, where the technology has been adopted into routine practice. Efforts are currently underway through collaborations in Norway to establish pilot use there and subsequently across the other Nordics.

The company continues to build its very strong R&D pipeline through its participation in two EU-funded projects as well as nationally funded efforts in Sweden and Iceland. The company draws its strength from a huge and growing proprietary database currently containing of over 3000 EEG records linked to clinical diagnoses.

A going concern

In accordance with section 3-3 of the Accountancy Act, we confirm that Mentis Cura AS meets the requirements for continuation as a going concern. In 2017 the company has carried out a capital increase of 10 MNOK.

Working environment

The Board considers the working environment as healthy and safe. No accidents occurred in 2016. The total sick leave has been minimal.


Equality

During the year 2016 one employee (male) worked at Mentis Cura AS. The Board consisted of six members, three female and three male.

The external environment

The company does not engage in any activities which pollute the environment.

Oslo, 10. May 2017
Board of Mentis Cura AS



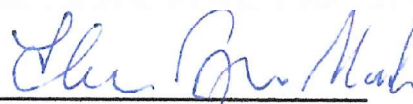
Jan Fikkan
Chairman/General manager



Audun Abelsnes
Board member



Jenny Ruth Hrafnisdottir
Board member



Maria H. Nyblom Munthe
Board member



Gudbjörg E. Eggertsdottir
Board member



Carl Astrup
Board member

Income statement

	Note	2016
Revenue		
Sales revenue		604 634
Other operating income	9	<u>83 960</u>
Total revenue		<u>688 594</u>
Operating expenses		
Payroll expenses	5	385 044
Other operating expenses	5	<u>2 162 169</u>
Total operating expenses		<u>2 547 213</u>
Operating result		<u>-1 858 619</u>
Financial income and expenses		
Other financial income		70
Other financial expenses		<u>918</u>
Net financial items		<u>-848</u>
Ordinary result before tax		<u>-1 859 467</u>
Net profit or loss for the year		<u>-1 859 467</u>
Allocated as follows		
Transferred to other equity	7	<u>-1 859 467</u>

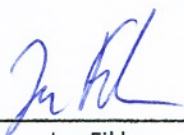
Balance sheet as of December 31

	Note	2016
Fixed assets		
<i>Financial assets</i>		
Investments in subsidiaries	2	<u>140 470 231</u>
Total financial assets		<u>140 470 231</u>
Total fixed assets		<u>140 470 231</u>
Current assets		
<i>Receivables</i>		
Trade receivables	6	245 114
Other receivables		<u>96 106</u>
Total accounts receivable		<u>341 220</u>
Cash and cash equivalents	4	<u>40 919</u>
Total current assets		<u>382 139</u>
Total assets		<u>140 852 370</u>

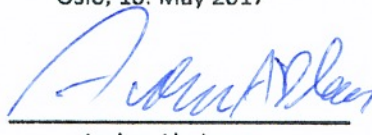
Balance sheet as of December 31

	Note	2016
Equity		
<i>Paid-in capital</i>		
Share capital	3, 7	3 567 951
Share premium reserve	7	136 902 280
Total paid-in capital		<u>140 470 231</u>
<i>Retained earnings</i>		
Other equity	7	-1 859 467
Total retained earnings		<u>-1 859 467</u>
Total equity		<u>138 610 764</u>
Liabilities		
<i>Current liabilities</i>		
Trade creditors	6	2 136 629
Public duties payable	4	68 977
Other short-term liabilities		36 000
Total current liabilities		<u>2 241 606</u>
Total liabilities		<u>2 241 606</u>
Total equity and liabilities		<u>140 852 370</u>

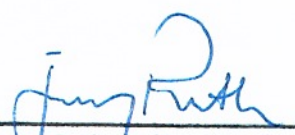
Oslo, 10. May 2017



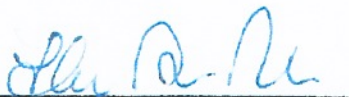
Jan Fikkan
Chairman/General manager



Audun Abelsnes
Board member



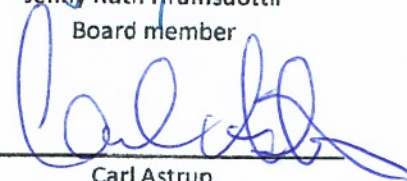
Jenny Ruth Hrafnisdottir
Board member



Maria H. Nyblom Munthe
Board member



Guðbjörg E. Eggertsdóttir
Board member



Carl Astrup
Board member

Notes to the accounts for 2016

Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles for small companies.

Subsidiaries and investment in associate

Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

Sales revenue

Sales revenues are recognized at the time of delivery. Revenue from services are recognized at when delivered. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of delivery.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Research and development

Research and development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be identified. Otherwise, the costs are expensed as incurred. Capitalized research and development are amortized linearly over the economic lifetime.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 24 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Notes to the accounts for 2016**Note 2 - Investment in subsidiaries and associate**

Company	Location	Share owners	Net profit 2016	Equity 31.12	Book value 31.12
Mentis Cura ehf	Reykjavik	86 %	-8 538 000	24 077 000	140 470 231

Note 3 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	3 567 951	1 kr	3 567 951

Main shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Stratel AS	540 032	15,14 %	15,14 %
North Murray AS	508 001	14,24 %	14,24 %
Nyskøpunarsjóður Atvinnulífsins	455 424	12,76 %	12,76 %
Abelsnes Invest AS	408 212	11,44 %	11,44 %
Arcus ehf	314 722	8,82 %	8,82 %
Rondane Holding AS	301 060	8,44 %	8,44 %
Bitteborgen AS	215 068	6,03 %	6,03 %
Arion Banki hf	142 390	3,99 %	3,99 %
Frax AS	100 609	2,82 %	2,82 %
FM Fjarfestingar ehf	71 794	2,01 %	2,01 %
Total	3 057 312	85,69 %	85,69 %
Other	510 639	14,31 %	14,31 %
Total number of shares	3 567 951	100,00 %	100,00 %

Abelsnes Invest AS is 100% owned by Audun Abelsnes. Bitteborgen AS is 100% owned by Carl Astrup.

North Murray AS is 100% owned by the Munthe family, where Maria H Nyblom Munthe is a board member.

Note 4 - Bank deposit

	2016
Locked in deposit	14 220

The deposit did not cover the employee's tax depth as per 31.12. The tax amount was paid on time in 2017.

Notes to the accounts for 2016**Note 5 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee**

<i>Wage costs</i>	2016
Salaries	336 000
Payroll tax	47 580
Other payments	1 464
Total	<u>385 044</u>

The total number of employees in the company during the year: 1

The company has not been registered with a managing director throughout 2016. Jan Fikkan entered the position in 2017. The company has not paid any board members' or auditor's fees. The company is subject to the rules of mandatory occupational pensions and has established a defined contribution scheme in 2017.

Note 6 - Intercompany balance group company and associate

<i>Receivables</i>	2016
Accounts receivables	179 760

<i>Payables</i>	2016
Trade creditors	1 936 282

Note 7 - Owners equity

	Share capital	Share premium reserve	Other equity	Total
Loss for the year	0	0	-1 859 467	-1 859 467
Issued capital	30 000	0	0	30 000
Reduction in share capital 20. June	-30 000	0	0	-30 000
Non-cash contributions 20. June	2 267 209	86 992 809	0	89 260 018
Non-cash contributions 13. Oct	1 300 742	49 909 471	0	51 210 213
Owners equity 31.12.	<u>3 567 951</u>	<u>136 902 280</u>	<u>-1 859 467</u>	<u>138 610 764</u>

Notes to the accounts for 2016**Note 8 - Income taxes**

<i>Tax base estimation</i>	2016
Ordinary result before tax	-1 859 467
Permanent differences	-83 960
Tax base	<u>-1 943 427</u>
 <i>Temporary differences outlined</i>	 2016
Tax loss carry-forward	-1 859 468
	<u>-1 859 468</u>
 Deferred income tax liability, 24%	 -446 272
 <i>Permanent differences outlined</i>	 2016
Income from "skatteFUNN" (funding)	-83 960
Total permanent differences	<u>-83 960</u>

Note 9 - Government grants

The company has an ongoing project funded by the SkatteFUNN scheme; "Biomarkers for dementia, diagnostic and therapeutic biotechnology". The project duration is 3 years and in 2016 the income from this project was NOK 83 960.