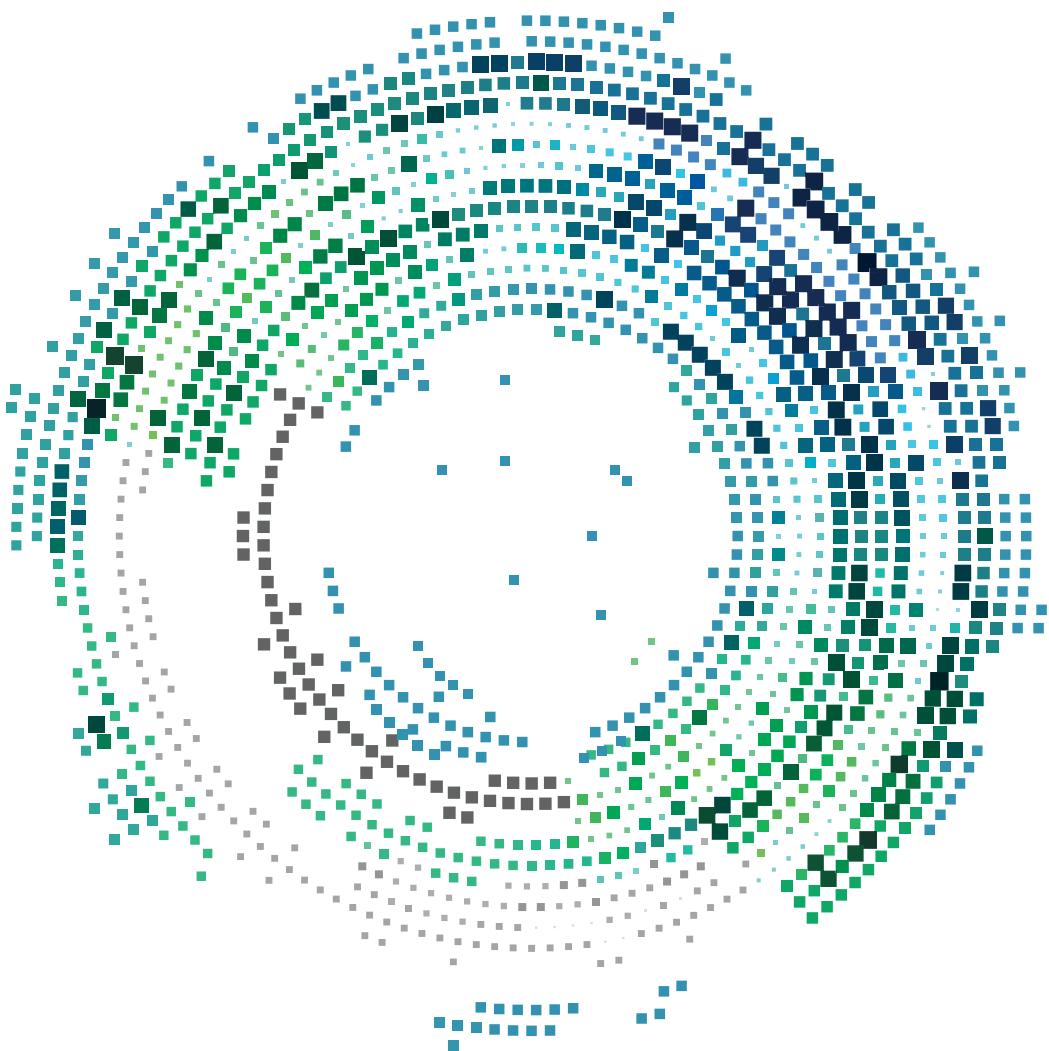


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Brainreader A/S

Niels Jernes Vej 10
9220 Aalborg Øst
CVR No. 33864884

Annual report 2020

The Annual General Meeting adopted the annual report on 10.05.2021

Thor Birkmand

Chairman of the General Meeting

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Entity details

Entity

Brainreader A/S

Niels Jernes Vej 10
9220 Aalborg Øst

CVR No.: 33864884

Registered office: Aalborg

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Peter Thor Munck Birkmand, Chairman
Henrik Bak
Jamila Ahdidan
Jens Hansson

Executive Board

Jamila Ahdidan, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Brainreader A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Aalborg, 10.05.2021

Executive Board

Jamila Ahdidan

CEO

Board of Directors

Peter Thor Munck Birkmand

Chairman

Henrik Bak

Jamila Ahdidan

Jens Hansson

Independent auditor's report

To the shareholders of Brainreader A/S

Opinion

We have audited the financial statements of Brainreader A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:

- 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.

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.

Aarhus, 10.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Mads Fauerskov

State Authorised Public Accountant

Identification No (MNE) mne35428

Management commentary

Primary activities

The Company's primary activities consist of developing and commercialising medical image processing software which is able to analyse MR scans of the brain and assess degeneration of brain structures. The customers are radiology departments at public and private hospitals as well as private scanning clinics

Development in activities and finances

The Company has generated a loss of DKK 5,201k. Equity amounts to DKK 5,316k at 31 December 2020 and has increased in the financial year by a cash contribution of DKK 3,072k from the shareholders in the Company. The original platform, which was developed in previous years, is still capitalised, see note 4 and the development of a newer version is capitalized in the year.

The Company has successfully migrated the software platform to AWS (Amazon Web Services), developed and enhanced the Mediationsserver and continues to invest in developing the technology which is expected to result in a new FDA application during 2021. Wider distribution reach is targeted through AI platforms. Despite COVID-19 affecting the overall reduced hospital and clinic activities the Company has managed to maintain deliveries at 2019 levels. At the end of 2020 increased focus was turned to growing the commercial activities in the US market, which are expected to accelerate during 2021.

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.

Treasury shares

On 22.10.2020, the Company acquired 49,341 of its own shares, corresponding to 1.4% of the Company's capital at the time.

On 26.10.2020, the Company acquired 37,165 of its own shares, corresponding to 1.1% of the Company's capital at the time.

The total payment for the shares amounted to DKK 67,612, which is deducted from retained earnings under equity. These shares have not been cancelled and are therefore held as their own shares. The Company may thus sell these shares at a later date.

At the time of the acquisition of own shares the retained earnings comprises a positive amounts according to requirements from the Danish Company Act on this area.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(2,552,951)	(1,493,737)
Staff costs	1	(2,561,430)	(2,670,060)
Depreciation, amortisation and impairment losses	2	(733,876)	(2,743,146)
Operating profit/loss		(5,848,257)	(6,906,943)
Other financial income		0	3,391,429
Other financial expenses		(60,754)	(303,637)
Profit/loss before tax		(5,909,011)	(3,819,151)
Tax on profit/loss for the year	3	707,054	440,425
Profit/loss for the year		(5,201,957)	(3,378,726)
Proposed distribution of profit and loss			
Retained earnings		(5,201,957)	(3,378,726)
Proposed distribution of profit and loss		(5,201,957)	(3,378,726)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	5	3,885,413	1,404,108
Intangible assets	4	3,885,413	1,404,108
Other fixtures and fittings, tools and equipment		9,893	0
Property, plant and equipment	6	9,893	0
Fixed assets		3,895,306	1,404,108
Trade receivables		549,746	488,091
Other receivables		782,054	652,887
Income tax receivable		707,054	440,425
Prepayments		50,363	84,727
Receivables		2,089,217	1,666,130
Cash		1,030,020	6,945,704
Current assets		3,119,237	8,611,834
Assets		7,014,543	10,015,942

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		3,415,857	3,223,857
Reserve for development expenditure		2,506,829	0
Retained earnings		(606,646)	4,355,424
Equity		5,316,040	7,579,281
Other payables		101,127	0
Non-current liabilities other than provisions		101,127	0
Trade payables		919,800	1,633,723
Other payables		677,576	443,560
Deferred income		0	359,378
Current liabilities other than provisions		1,597,376	2,436,661
Liabilities other than provisions		1,698,503	2,436,661
Equity and liabilities		7,014,543	10,015,942

Unrecognised rental and lease commitments

7

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,223,857	0	4,355,424	7,579,281
Increase of capital	192,000	0	2,880,000	3,072,000
Costs related to equity transactions	0	0	(65,672)	(65,672)
Purchase of treasury shares	0	0	(67,612)	(67,612)
Transfer to reserves	0	2,506,829	(2,506,829)	0
Profit/loss for the year	0	0	(5,201,957)	(5,201,957)
Equity end of year	3,415,857	2,506,829	(606,646)	5,316,040

The company's shares consist of 3,415,857 shares of nominally DKK 1.

Notes

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	2,312,697	2,467,275
Pension costs	97,048	130,417
Other social security costs	19,224	16,122
Other staff costs	132,461	56,246
	2,561,430	2,670,060
Average number of full-time employees	3	3

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	732,578	2,739,071
Depreciation of property, plant and equipment	3,298	4,075
Profit/loss from sale of intangible assets and property, plant and equipment	(2,000)	0
	733,876	2,743,146

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(707,054)	(440,425)
	(707,054)	(440,425)

4 Intangible assets

	Completed development projects DKK
Cost beginning of year	15,810,669
Additions	3,213,883
Cost end of year	19,024,552
Amortisation and impairment losses beginning of year	(14,406,561)
Impairment losses for the year	(732,578)
Amortisation and impairment losses end of year	(15,139,139)
Carrying amount end of year	3,885,413

5 Development projects

Completed development projects and projects in progress comprise the development of the Company's software to be used for analysis of MRI data from radiology departments at public and private hospitals.

As of 31.12.2020, the cost of the basic platform still remains with addition of the new version developed in 2020 which comprises three key areas:

1. Re-design and new software development of our Mediationserver with major improvements
 2. Neuroreader backend software development to integrate with new Mediationserver
 3. Software development of Brainreader specific operational systems

All above activities has as per our QMS system and regulatory requirements required clinical and statistical validations prior to release.

Completed development projects are amortised over a period of 5 years.

Management has not identified any further indication of impairment on the carrying amount.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Additions	13,191
Cost end of year	13,191
Depreciation for the year	(3,298)
Depreciation and impairment losses end of year	(3,298)
Carrying amount end of year	9,893

7 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	10,000	0

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.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial 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 one 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 gains on securities, payables and foreign currency transactions, 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 losses on securities, payables and foreign currency transactions, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress.

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.

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 on 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 the estimated useful lives of the assets. The amortisation period is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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.

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.

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	3-4 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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises 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. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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Mads Fauerskov

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Jamila Ahdidan

SignerRole

Serienummer: PID:9208-2002-2-731555566155

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Henrik Bak

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Serienummer: PID:9208-2002-2-613230312580

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Peter Thor Munck Birkmand

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JENS HANSSON

SignerRole

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