
Cercare Medical A/S

Inge Lehmanns Gade 10, DK-8000 Aarhus C

Annual Report for 1 January - 31 December 2021

CVR No 35 48 34 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/4 2022

Jeppe Øvli Øvlesen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cercare Medical A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 6 April 2022

Executive Board

Kim Mouridsen
CEO

Board of Directors

Jeppe Øvli Øvlesen
Chairman

Odd Torland

Mikkel Bo Hansen

Marit Salte

Aitana Peire Morais

Independent Auditor's Report

To the Shareholders of Cercare Medical A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cercare Medical A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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 liquidate the Company 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 Company'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Aarhus, 6 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Roding

statsautoriseret revisor

mne33714

Company Information

The Company

Cercare Medical A/S
Inge Lehmanns Gade 10
DK-8000 Aarhus C

CVR No: 35 48 34 89
Financial period: 1 January - 31 December
Incorporated: 27 September 2013
Municipality of reg. office: Aarhus Kommune

Board of Directors

Jeppe Øvli Øvlesen, Chairman
Odd Torland
Mikkel Bo Hansen
Marit Salte
Aitana Peire Morais

Executive Board

Kim Mouridsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Lawyers

DLA Piper
DOKK 1, Hack Kampmanns Plads 2
DK-8000 Aarhus C

Bankers

Nordea
Søndergade 44
DK-8000 Aarhus C

Management's Review

Key activities

The Company's main activities are the development, trading and sale of imaging biomarkers and computer-based decision-making support tools for use in hospitals and clinics. The main areas of focus are ischemic and hemorrhagic stroke and neuro-oncology, but the Company's business extends to other diseases with vascular changes as well as general workflow optimization with machine learning and artificial intelligence.

Development in the year

The income statement of the Company for 2021 shows a loss of DKK 10,858,463, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 35,536,927.

We have seen progress across activities. New products have been developed and cleared for the European market (large-vessel-occlusion detection and intracranial hemorrhage). An FDA 510k approval was obtained for our perfusion product. Covid-19 has evidently impacted hospitals in several ways, first attention has naturally been afforded to immediate patient care, but from around September access to hospital departments became easier for physical visits and a number of trial installations ensued. A notable commercial outcome of the year's efforts were signing of a multiyear clinical as well as development contract with Karolinska Institutet. Market feedback is very positive with interest in stroke as well as oncology, and with Covid-19 customers have also started investigating the long-term effect on the brain and recently demonstrated that Cercare's biomarkers can identify affected subregions in the brain, which in turn positively impacts our sales expectations for the coming years.

Capital resources

Based on the budget, Management expects that the capital resources are sufficient to realize and execute the Company's strategy. In case that it is decided to increase operating activities, primarily in the US market, at the end of 2022, a capital increase from existing and new investors will be considered.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December 2021

	Note	2021 DKK	2020 DKK
Gross profit/loss		3.044.642	-2.851.980
Staff expenses	2	-14.677.805	-11.220.448
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-671.139	-559.575
Other operating expenses		0	-1.966.766
Profit/loss before financial income and expenses		-12.304.302	-16.598.769
Financial income		28.709	13.696
Financial expenses		-246.812	-166.595
Profit/loss before tax		-12.522.405	-16.751.668
Tax on profit/loss for the year	3	1.663.942	2.097.389
Net profit/loss for the year		-10.858.463	-14.654.279

Distribution of profit

Proposed distribution of profit

Retained earnings		-10.858.463	-14.654.279
		-10.858.463	-14.654.279

Balance Sheet 31 December 2021

Assets

	Note	2021 DKK	2020 DKK
Acquired patents		1.033.119	1.254.889
Intangible assets	4	1.033.119	1.254.889
Other fixtures and fittings, tools and equipment		501.673	470.656
Leasehold improvements		69.596	0
Property, plant and equipment	5	571.269	470.656
Deposits		224.517	146.439
Fixed asset investments		224.517	146.439
Fixed assets		1.828.905	1.871.984
Trade receivables		472.582	182.516
Other receivables		30.508.224	323.694
Corporation tax		1.663.942	2.096.572
Prepayments		45.521	38.489
Receivables		32.690.269	2.641.271
Cash at bank and in hand		3.250.564	38.760.223
Currents assets		35.940.833	41.401.494
Assets		37.769.738	43.273.478

Balance Sheet 31 December 2021

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital	6	485.373	475.452
Retained earnings		35.051.554	40.332.325
Equity		35.536.927	40.807.777
Other payables		0	767.187
Long-term debt	7	0	767.187
Credit institutions		0	122.611
Trade payables		1.242.784	243.190
Other payables	7	990.027	1.332.713
Short-term debt		2.232.811	1.698.514
Debt		2.232.811	2.465.701
Liabilities and equity		37.769.738	43.273.478
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	<u>DKK</u>	<u>account</u>	<u>earnings</u>	<u>DKK</u>
	DKK	DKK	DKK	DKK
Equity at 1 January	475.452	0	40.332.325	40.807.777
Cash capital increase	9.921	5.577.692	0	5.587.613
Net profit/loss for the year	0	0	-10.858.463	-10.858.463
Transfer	0	-5.577.692	5.577.692	0
Equity at 31 December	<u>485.373</u>	<u>0</u>	<u>35.051.554</u>	<u>35.536.927</u>

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
1 Other operating income		
Government grants	9.575.614	5.689.259
	<u>9.575.614</u>	<u>5.689.259</u>
2 Staff expenses		
Wages and salaries	13.918.783	10.937.041
Other social security expenses	75.372	95.571
Other staff expenses	683.650	187.836
	<u>14.677.805</u>	<u>11.220.448</u>
Average number of employees	<u>17</u>	<u>16</u>
3 Tax on profit/loss for the year		
Current tax for the year	-1.663.942	-2.097.389
	<u>-1.663.942</u>	<u>-2.097.389</u>

Notes to the Financial Statements

4 Intangible assets

	Acquired pa- tents DKK
Cost at 1 January	3.043.362
Additions for the year	138.814
Cost at 31 December	<u>3.182.176</u>
Impairment losses and amortisation at 1 January	1.788.473
Amortisation for the year	360.584
Impairment losses and amortisation at 31 December	<u>2.149.057</u>
Carrying amount at 31 December	<u>1.033.119</u>
Amortised over	<u>7 years</u>

The Company's intangible assets concern external patent costs incurred in connection with the development of its own products.

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	716.609	0
Additions for the year	324.173	86.995
Cost at 31 December	<u>1.040.782</u>	<u>86.995</u>
Impairment losses and depreciation at 1 January	245.953	0
Impairment losses for the year	0	17.399
Depreciation for the year	293.156	0
Impairment losses and depreciation at 31 December	<u>539.109</u>	<u>17.399</u>
Carrying amount at 31 December	<u>501.673</u>	<u>69.596</u>
Depreciated over	<u>3 years</u>	<u>5 years</u>

Notes to the Financial Statements

6 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	175.199	175.199
B-shares	310.174	310.174
		<u>485.373</u>

The Company has adopted an incentive pay scheme enabling the granting of share options of up to a nominal 15,640 to key employees in the period to 5 June 2023. Under certain circumstances, the share options may be exercised at a predetermined price. In accordance with the requirements of the Danish Financial Statements Act, the incentive pay scheme is not recognised in the Annual Report.

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> DKK	<u>2020</u> DKK
Other payables		
Between 1 and 5 years	0	767.187
Long-term part	0	767.187
Other short-term payables	990.027	1.332.713
	<u>990.027</u>	<u>2.099.900</u>

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental obligations, period of interminability 6 months	454.170	354.132
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Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Cercare Medical A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

9 Accounting Policies (continued)

Other external expenses

Other external expenses comprise development costs, expenses for premises as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including grants recognised concurrently with being received as the date of receipt corresponds to the vesting date in all material respects.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 7 years.

Notes to the Financial Statements

9 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposit for tenancy.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums etc.

Notes to the Financial Statements

9 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.