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# *Cercare Medical A/S*

Inge Lehmanns Gade 10, DK-8000 Aarhus C

## Annual Report for 2023

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CVR No. 35 48 34 89

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 28/6 2024

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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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

Aarhus C, 28 June 2024

## Executive Board

Kim Beuschau Mouridsen  
CEO

## Board of Directors

Jeppe Øvli Øvlesen  
Chairman

Ulla Bagger-Sørensen

Mikkel Bo Hansen

Marit Salte

Jonathan Andrew Lerner

# 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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.

## Material Uncertainty Related to Going Concern

We draw the attention to note 1 "Going concern", where Management has described that the going concern assumption is depending on finalizing a capital increase. The capital increase is expected to be finalized no later than September 2024, and to provide enough cash to secure the continued operations. Based on the Company's position, it is considered that there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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 Financial 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 misstatement, 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.

# Independent Auditor's report

## 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 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 C, 28 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Christian Roding  
State Authorised Public Accountant  
mne33714

Helle Herbst  
State Authorised Public Accountant  
mne49858

## Company information

<b>The Company</b>	Cercare Medical A/S Inge Lehmanns Gade 10 8000 Aarhus C  CVR No: 35 48 34 89 Financial period: 1 January - 31 December Incorporated: 27 September 2013 Financial year: 10th financial year Municipality of reg. office: Aarhus Kommune
<b>Board of Directors</b>	Jeppe Øvli Øvlesen, chairman Ulla Bagger-Sørensen Mikkel Bo Hansen Marit Salte Jonathan Andrew Lerner
<b>Executive Board</b>	Kim Beuschau Mouridsen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
<b>Lawyers</b>	DLA Piper DOKK1, Hack Kampmanns Plads 2 8000 Aarhus C
<b>Bankers</b>	Nordea Søndergade 44 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 2023 shows a loss of DKK 42,424,661, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 19,855,479.

Commercial activities increased significantly again in 2023, in both our direct sales channels as well as in the distribution channels. In the direct channels, we have ensured contracts with key hospitals and clinics, while we have established well-functioning distribution channels in the EMEA and APAC regions and see an increasing number of customers. Contracts are typically multi-year and customers often recommend us to their colleagues at other hospitals/facilities. In 2023 we have established a subsidiary in the US with the aim to expand further into the North American market. Furthermore, we have established partnerships with leading players in the industry, which we expect to materialize into further commercial success in the next years. We continue to see positive market feedback and clinical evidence in our main areas of stroke and oncology and an increase in the utilization for clinical practice over research.

In 2023 our well-established R&D department continued to strengthen our product offerings focusing on flexible integration with hospital IT and partner platforms, easy configuration to match diverse clinical demands and scaling to handle very large patient volumes. On the regulatory side, we managed to secure FDA approval for our MR stroke product, thereby strengthening our competitive position in the US, and in Europe we successfully obtained MDR certification for all products. Moreover, we have received regulatory clearance in several new countries and will continue to expand into new areas.

Bagger-Sørensen, a family-owned holding and investment company, joined as an investor in the company in 2023.

## Capital resources

In order to secure the operating activities, management has initiated a capital increase from existing and new investors in 2024.

The company has already received investment from existing investors of 1 mEUR and are working on another 1 mEUR, also from existing investors. Moreover, management is working with an external advisor on investment of a further minimum 5 mEUR from new investors. It is Management's clear expectation that the capital increase is sufficient to secure the operational activities in 2024 when finalized.

Management expects to finalize the capital increase no later than September 2024. Therefore, the Company has prepared the Annual Report under the going concern assumption.

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

## 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

	Note	2023	2022
		DKK	DKK
<b>Gross loss</b>	2	-24,371,325	-18,800,481
Staff expenses	3	-18,375,836	-14,937,713
Amortisation and impairment losses of intangible assets		-632,684	-666,193
Other operating expenses		0	-123,537
<b>Profit/loss before financial income and expenses</b>		<b>-43,379,845</b>	<b>-34,527,924</b>
Income from investments in subsidiaries		-174,540	0
Financial income	4	39,319	45,239
Financial expenses		-1,652,817	-459,937
<b>Profit/loss before tax</b>		<b>-45,167,883</b>	<b>-34,942,622</b>
Tax on profit/loss for the year	5	2,743,222	3,015,566
<b>Net profit/loss for the year</b>		<b>-42,424,661</b>	<b>-31,927,056</b>
 <b>Distribution of profit</b>			
		2023	2022
		DKK	DKK
<b>Proposed distribution of profit</b>			
Retained earnings		-42,424,661	-31,927,056
		<b>-42,424,661</b>	<b>-31,927,056</b>



## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Acquired patents		747,473	868,362
<b>Intangible assets</b>	<b>6</b>	<b>747,473</b>	<b>868,362</b>
Other fixtures and fittings, tools and equipment		13,950	308,944
Leasehold improvements		34,798	52,197
<b>Property, plant and equipment</b>	<b>7</b>	<b>48,748</b>	<b>361,141</b>
Investments in subsidiaries	8	0	0
Deposits	9	269,216	278,145
<b>Fixed asset investments</b>		<b>269,216</b>	<b>278,145</b>
<b>Fixed assets</b>		<b>1,065,437</b>	<b>1,507,648</b>
Trade receivables	10	2,116,229	162,481
Receivables from group enterprises		24,145	0
Other receivables		693,280	571,615
Corporation tax		2,743,222	3,015,566
Prepayments		59,819	306,862
<b>Receivables</b>		<b>5,636,695</b>	<b>4,056,524</b>
<b>Cash at bank and in hand</b>		<b>19,839,270</b>	<b>3,794,969</b>
<b>Current assets</b>		<b>25,475,965</b>	<b>7,851,493</b>
<b>Assets</b>		<b>26,541,402</b>	<b>9,359,141</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital	11	761,610	485,373
Retained earnings		19,093,869	-4,310,635
<b>Equity</b>		<b>19,855,479</b>	<b>-3,825,262</b>
Prepayments received from customers		18,750	26,023
Trade payables		2,534,297	1,396,289
Payables to owners and Management		0	10,267,236
Other payables		1,277,310	829,122
Deferred income	12	2,855,566	665,733
<b>Short-term debt</b>		<b>6,685,923</b>	<b>13,184,403</b>
<b>Debt</b>		<b>6,685,923</b>	<b>13,184,403</b>
<b>Liabilities and equity</b>		<b>26,541,402</b>	<b>9,359,141</b>
Going concern	1		
Contingent assets, liabilities and other financial obligations	13		
Accounting Policies	14		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	485,373	-4,310,635	-3,825,262
Cash capital increase	276,237	65,829,165	66,105,402
Net profit/loss for the year	0	-42,424,661	-42,424,661
<b>Equity at 31 December</b>	<b>761,610</b>	<b>19,093,869</b>	<b>19,855,479</b>

# Notes to the Financial Statements

## 1. Going concern

The company has already received investment from existing investors in 2024 and is working with an external advisor on investment of further funds from new investors. It is Management's clear expectation that the capital increase is sufficient to fund the company going forward.

There is a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern, if the capital raising is not successful.

Management expects to finalize the capital increase no later than September 2024. Therefore, the Company has prepared the Annual Report under the going concern assumption.

## 2. Special items

Government grants

	2023	2022
	DKK	DKK
	988,767	50,000
	<b>988,767</b>	<b>50,000</b>

## 3. Staff Expenses

Wages and salaries

Pensions

Other social security expenses

Other staff expenses

	2023	2022
	DKK	DKK
	17,214,961	14,247,920
	635,189	128,152
	93,702	65,075
	431,984	496,566
	<b>18,375,836</b>	<b>14,937,713</b>

Average number of employees

	<b>22</b>	<b>18</b>
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## 4. Financial income

Interest received from group enterprises

Other financial income

Exchange adjustments

	2023	2022
	DKK	DKK
	11,165	0
	0	1,068
	28,154	44,171
	<b>39,319</b>	<b>45,239</b>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	-2,743,222	-3,015,566
	<u>-2,743,222</u>	<u>-3,015,566</u>

## 6. Intangible fixed assets

	<u>Acquired patents</u>
	DKK
Cost at 1 January	3,371,219
Additions for the year	199,402
Cost at 31 December	<u>3,570,621</u>
Impairment losses and amortisation at 1 January	2,502,857
Amortisation for the year	320,291
Impairment losses and amortisation at 31 December	<u>2,823,148</u>
<b>Carrying amount at 31 December</b>	<u>747,473</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.

# Notes to the Financial Statements

## 7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	1,143,047	86,995
Cost at 31 December	1,143,047	86,995
Impairment losses and depreciation at 1 January	834,103	34,798
Depreciation for the year	294,994	17,399
Impairment losses and depreciation at 31 December	1,129,097	52,197
<b>Carrying amount at 31 December</b>	<b>13,950</b>	<b>34,798</b>
Amortised over	3 years	5 years
	2023	2022
	DKK	DKK

## 8. Investments in subsidiaries

Cost at 1 January	0	0
Additions for the year	674	0
Cost at 31 December	674	0
Net profit/loss for the year	-174,540	0
Value adjustments at 31 December	-174,540	0
Equity investments with negative net asset value amortised over receivables	173,866	0
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner- ship and Votes	Equity	Net profit/loss for the year
Cercare Medical Inc	Delaware, USA	674	100%	-173,866	-174,540
				<b>-173,866</b>	<b>-174,540</b>

# Notes to the Financial Statements

## 9. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	278,145
Disposals for the year	-8,929
Cost at 31 December	<u>269,216</u>
<b>Carrying amount at 31 December</b>	<b><u>269,216</u></b>

## 10. Receivables from sales and services

	2023	2022
	DKK	DKK
Trade receivables	<u>2,116,229</u>	<u>162,481</u>
	<b><u>2,116,229</u></b>	<b><u>162,481</u></b>

Out of the above amount, DKK 856.000 is due for payment between 10 and 24 months after the balance sheet date.

## 11. Share capital

	Number	Nominal value
		DKK
A-shares	176,671	176,671
B-shares	584,939	<u>584,939</u>
		<b><u>761,610</u></b>

The Company has adopted an incentive pay scheme enabling the granting of share options of up to a nominal 16.989 to key employees. 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.

## 12. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>13. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Rental obligations, period of interminability of 6 months	486,293	476,758
	<u>486,293</u>	<u>476,758</u>



# Notes to the Financial Statements

## 14. Accounting policies

The Annual Report of Cercare Medical A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 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. Gains and losses 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.

### Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

## 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.

### Direct expenses

Direct expenses primarily include expenses related to achieving the revenue for the year.

### Other external expenses

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

# Notes to the Financial Statements

## Gross 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, direct expenses 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.

## Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

## 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 fixed 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 year.

### 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.

# Notes to the Financial Statements

Depreciation period and residual value are reassessed annually.

## **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

## **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## **Other 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.

## **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 liabilities**

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

## **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.