
Cercare Medical A/S

Inge Lehmanns Gade 10, DK-8000 Aarhus C

Annual Report for 2022

CVR No. 35 48 34 89

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2023

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 Financial Statements of Cercare Medical A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Aarhus C, 30 June 2023

Executive Board

Kim Beuschau Mouridsen
CEO

Board of Directors

Jeppe Øvli Øvlesen
Chairman

Mikkel Bo Hansen

Odd Torland

Marit Salte

Konstantinos Dimitrakopoulos

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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 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, 30 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Roding

State Authorised Public Accountant

mne33714

Mike Bork Jun

State Authorised Public Accountant

mne48473

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 Mikkel Bo Hansen Odd Torland Marit Salte Konstantinos Dimitrakopoulos
Executive Board	Kim Beuschau Mouridsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 8000 Aarhus C
Lawyers	DLA Piper DOKK1, Hack Kampmanns Plads 2 8000 Aarhus C
Bankers	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 extend 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 2022 shows a loss of DKK 31,927,056, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 3,825,262.

Commercial activities increased throughout 2022 with a steady increase in number of signed contracts culminating with the highest activity level in December. We are expanding our commercial engagements in Europe, US and South Korea, where we in South Korea additionally received regulatory clearance. Cercare Medical AS is thereby increasing its annual recurring revenue. Contracts are typically multi-year, customers are leading hospitals and we do not experience churn. In addition to direct customers we initiated an important partnership with Viz.ai, complementing the company's offerings in stroke management and strengthening Cercare Medical's market access. We have also initiated establishment of a distributor sales channel and the first commercial contracts were signed late 2022. The sales organization has been expanding and strengthened with senior profiles. 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.

Capital resources

In order to secure the operating activities, Management has initiated a capital increase from existing and new investors in 2023.

Management has received commitments from new and existing investors that exceed the target amount for the capital increase, and on this basis Management expects the capital increase to be finalized with a satisfactory result. It is Management's expectations that the capital increase is sufficient to secure the operational activities in 2023 when finalized.

At the time of approving the Annual Report, the capital increase has not yet been formally finalized, but Management has received binding commitments from a majority of the investors. Management expects to finalize the capital increase in early July.

Therefore, the Company has prepared the Annual Report under the going concern assumption.

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	2022	2021
		DKK	DKK
Gross loss	2	-18,800,481	-4,390,491
Staff expenses	3	-14,937,713	-14,677,805
Amortisation and impairment losses of intangible assets		-666,193	-671,139
Other operating expenses		-123,537	0
Profit/loss before financial income and expenses		-34,527,924	-19,739,435
Financial income		45,239	28,709
Financial expenses		-459,937	-246,812
Profit/loss before tax		-34,942,622	-19,957,538
Tax on profit/loss for the year	4	3,015,566	1,663,942
Net profit/loss for the year		-31,927,056	-18,293,596

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-31,927,056	-18,293,596
	-31,927,056	-18,293,596

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Acquired patents		868,362	1,033,119
Intangible assets	5	868,362	1,033,119
Other fixtures and fittings, tools and equipment		308,944	501,673
Leasehold improvements		52,197	69,596
Property, plant and equipment	6	361,141	571,269
Deposits	7	278,145	224,517
Fixed asset investments		278,145	224,517
Fixed assets		1,507,648	1,828,905
Trade receivables		162,481	472,582
Other receivables		571,615	23,073,091
Corporation tax		3,015,566	1,663,942
Prepayments		306,862	45,521
Receivables		4,056,524	25,255,136
Cash at bank and in hand		3,794,969	3,250,564
Current assets		7,851,493	28,505,700
Assets		9,359,141	30,334,605

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital	8	485,373	485,373
Retained earnings		-4,310,635	27,616,421
Equity		-3,825,262	28,101,794
Prepayments received from customers		26,023	0
Trade payables		1,396,289	1,242,784
Payables to owners and Management		10,267,236	0
Other payables		829,122	990,027
Deferred income	9	665,733	0
Short-term debt		13,184,403	2,232,811
Debt		13,184,403	2,232,811
Liabilities and equity		9,359,141	30,334,605
Going concern	1		
Contingent assets, liabilities and other financial obligations	10		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	485,373	35,051,554	35,536,927
Net effect of correction of material misstatements	0	-7,435,133	-7,435,133
Adjusted equity at 1 January	485,373	27,616,421	28,101,794
Net profit/loss for the year	0	-31,927,056	-31,927,056
Equity at 31 December	485,373	-4,310,635	-3,825,262

Notes to the Financial Statements

1. Going concern

In order to secure the operating activities, Management has initiated a capital increase from existing and new investors in 2023.

Management has received commitments from new and existing investors that exceed the target amount for the capital increase, and on this basis Management expects the capital increase to be finalized with a satisfactory result. It is Management's expectations that the capital increase is sufficient to secure the operational activities in 2023 when finalized.

At the time of approving the Annual Report, the capital increase has not yet been formally finalized, but Management has received binding commitments from a majority of the investors. Management expects to finalize the capital increase in early July.

Therefore, the Company has prepared the Annual Report under the going concern assumption.

2. Special items

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Government grants	50,000	2,016,944
	<u>50,000</u>	<u>2,016,944</u>

3. Staff Expenses

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Wages and salaries	14,247,920	13,918,783
Pensions	128,152	0
Other social security expenses	65,075	75,372
Other staff expenses	496,566	683,650
	<u>14,937,713</u>	<u>14,677,805</u>

Average number of employees	<u>18</u>	<u>17</u>
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4. Income tax expense

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Current tax for the year	-3,015,566	-1,663,942
	<u>-3,015,566</u>	<u>-1,663,942</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Acquired patents
	DKK
Cost at 1 January	3,182,176
Additions for the year	189,043
Cost at 31 December	<u>3,371,219</u>
Impairment losses and amortisation at 1 January	2,149,057
Amortisation for the year	353,800
Impairment losses and amortisation at 31 December	<u>2,502,857</u>
Carrying amount at 31 December	<u>868,362</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.

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,040,782	86,995
Additions for the year	102,265	0
Cost at 31 December	<u>1,143,047</u>	<u>86,995</u>
Impairment losses and depreciation at 1 January	539,109	17,399
Depreciation for the year	294,994	17,399
Impairment losses and depreciation at 31 December	<u>834,103</u>	<u>34,798</u>
Carrying amount at 31 December	<u>308,944</u>	<u>52,197</u>
Depreciated over	<u>3 years</u>	<u>5 years</u>

Notes to the Financial Statements

7. Other fixed asset investments

	<u>Deposits</u> DKK
Cost at 1 January	224,517
Additions for the year	<u>53,628</u>
Cost at 31 December	<u>278,145</u>
Carrying amount at 31 December	<u>278,145</u>

8. Share capital

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	175,199	175,199
B-shares	310,174	<u>310,174</u>
		<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.

9. Deferred income

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

<u>2022</u>	<u>2021</u>
DKK	DKK

10. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Rental obligations, period of interminability of 6 months	<u>476,758</u>	<u>454,170</u>
	<u>476,758</u>	<u>454,170</u>

Notes to the Financial Statements

11. Accounting policies

The Annual Report of Cercare Medical A/S for 2022 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 2022 are presented in DKK.

Correction of material misstatements

The Company has identified a material misstatement in the Financial Statements of 2021. The misstatement amounts to DKK 7,435,133 which originates from a recognised grant that were recognised twice.

Comparative figures for 2021 have been restated in the income statement, balance sheet and notes. The accumulated effect of the material misstatement has been recognised directly in equity at the beginning of the financial year.

The restating of the income statement in 2021 has led to a negative effect on the net loss for the year of DKK 7,435,133 which has effected the equity negatively with the same amount. Furthermore, the restatement of the balance sheet in 2021 has affected the notes receivable negatively with DKK 7,435,133.

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

Net sales

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.

Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

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.

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.

Notes to the Financial Statements

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.

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.

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 debts

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

Notes to the Financial Statements

Deferred income

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