
Cercare Medical A/S

Inge Lehmanns Gade 10, DK-8000 Aarhus C

Annual Report for 1 January - 31 December 2020

CVR No 35 48 34 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/5 2021

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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

Aarhus, 7 May 2021

Executive Board

Jeppe Øvli Øvlesen
CEO

Kim Mouridsen
Executive Officer

Board of Directors

Odd Torland
Chairman

Kim Mouridsen

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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' 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 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

Independent Auditor's Report

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, 7 May 2021

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

Odd Torland, Chairman
Kim Mouridsen
Mikkel Bo Hansen
Marit Salte
Aitana Peire Morais

Executive Board

Jeppe Øvli Øvlesen
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

Income Statement 1 January - 31 December 2020

	Note	2020 DKK	2019 DKK
Gross profit/loss		-2.851.980	2.343.292
Staff expenses	2	-11.220.448	-7.694.887
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-559.575	-452.385
Other operating expenses		-1.966.766	0
Profit/loss before financial income and expenses		-16.598.769	-5.803.980
Financial income		13.696	975
Financial expenses		-166.595	-60.017
Profit/loss before tax		-16.751.668	-5.863.022
Tax on profit/loss for the year	3	2.097.389	1.283.475
Net profit/loss for the year		-14.654.279	-4.579.547

Distribution of profit

Proposed distribution of profit

Retained earnings		-14.654.279	-4.579.547
		-14.654.279	-4.579.547

Balance Sheet 31 December 2020

Assets

	Note	2020 DKK	2019 DKK
Acquired patents		1.254.889	1.355.001
Intangible assets	4	1.254.889	1.355.001
Other fixtures and fittings, tools and equipment		470.656	218.491
Leasehold improvements		0	20.277
Property, plant and equipment	5	470.656	238.768
Deposits		146.439	119.961
Fixed asset investments		146.439	119.961
Fixed assets		1.871.984	1.713.730
Trade receivables		182.516	0
Other receivables		323.694	817.702
Corporation tax		2.096.572	1.283.474
Prepayments		38.489	19.412
Receivables		2.641.271	2.120.588
Cash at bank and in hand		38.760.223	2.308.586
Currents assets		41.401.494	4.429.174
Assets		43.273.478	6.142.904

Balance Sheet 31 December 2020

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	6	475.452	352.792
Retained earnings		40.332.325	4.223.230
Equity		40.807.777	4.576.022
Other payables		767.187	252.715
Long-term debt	7	767.187	252.715
Credit institutions		122.611	273.732
Trade payables		243.190	238.953
Other payables	7	1.332.713	801.482
Short-term debt		1.698.514	1.314.167
Debt		2.465.701	1.566.882
Liabilities and equity		43.273.478	6.142.904
Key activities	1		
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>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity at 1 January	352.792	0	4.223.230	4.576.022
Cash capital increase	122.660	50.763.374	0	50.886.034
Net profit/loss for the year	0	0	-14.654.279	-14.654.279
	<u>0</u>	<u>-50.763.374</u>	<u>50.763.374</u>	<u>0</u>
Equity at 31 December	<u>475.452</u>	<u>0</u>	<u>40.332.325</u>	<u>40.807.777</u>

Notes to the Financial Statements

1 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

	<u>2020</u> DKK	<u>2019</u> DKK
2 Staff expenses		
Wages and salaries	10.937.041	7.424.183
Other social security expenses	95.571	80.204
Other staff expenses	187.836	190.500
	<u>11.220.448</u>	<u>7.694.887</u>
Average number of employees	<u>16</u>	<u>12</u>
3 Tax on profit/loss for the year		
Current tax for the year	<u>-2.097.389</u>	<u>-1.283.475</u>
	<u>-2.097.389</u>	<u>-1.283.475</u>

Notes to the Financial Statements

4 Intangible assets

	Acquired pa- tents <u>DKK</u>
Cost at 1 January	2.739.527
Additions for the year	<u>303.833</u>
Cost at 31 December	<u>3.043.360</u>
Impairment losses and amortisation at 1 January	1.384.526
Amortisation for the year	<u>403.945</u>
Impairment losses and amortisation at 31 December	<u>1.788.471</u>
Carrying amount at 31 December	<u>1.254.889</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 <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January	308.814	21.725
Additions for the year	407.795	0
Disposals for the year	<u>0</u>	<u>-21.725</u>
Cost at 31 December	<u>716.609</u>	<u>0</u>
Impairment losses and depreciation at 1 January	90.323	1.448
Depreciation for the year	155.630	0
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-1.448</u>
Impairment losses and depreciation at 31 December	<u>245.953</u>	<u>0</u>
Carrying amount at 31 December	<u>470.656</u>	<u>0</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	300.253	300.253
		<u>475.452</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>2020</u> DKK	<u>2019</u> DKK
Other payables		
Between 1 and 5 years	767.187	252.715
Long-term part	767.187	252.715
Other short-term payables	1.332.713	801.482
	<u>2.099.900</u>	<u>1.054.197</u>

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental obligations, period of interminability 6 months	354.132	239.922
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Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Cercare Medical A/S for 2020 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 2020 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.