

Corti ApS

Store Strandstræde 21, 4.
1255 København K
Business Registration No
35669825

Annual report 01.07.2018 - 30.06.2019

The Annual General Meeting adopted the annual report on 17.12.2019

Chairman of the General Meeting

Name: Andreas Cleve

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Entity details

Entity

Corti ApS
Store Strandstræde 21, 4.
1255 København K

Central Business Registration No (CVR): 35669825

Registered in: København

Financial year: 01.07.2018 - 30.06.2019

Board of Directors

Andreas Cleve, chairman of the board

Yacine Rafaël L. Ghalim

Lars Maaløe

Guillaume-Alexandre Durao

Tommy Andersen

Executive Board

Andreas Cleve

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Corti ApS for the financial year 01.07.2018 - 30.06.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2019 and of the results of its operations for the financial year 01.07.2018 - 30.06.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 17.12.2019

Executive Board

Andreas Cleve

Board of Directors

Andreas Cleve
chairman of the board

Yacine Rafaël L. Ghalim

Lars Maaløe

Guillaume-Alexandre Durao

Tommy Andersen

The independent auditor's compilation report

To the Management of Corti ApS

We have compiled the financial statements of Corti ApS for the financial year 01.07.2018 - 30.06.2019 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 17.12.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

The Company's primary activities is developing and selling machine learning, providing accurate diagnostic advice to emergency services, allowing patients to get the right treatment faster.

Development in activities and finances

The loss for the year amounts to DKK 5.099.550 compared to a loss last year of DKK 55.033. The management considers the result as expected.

In the financial year the Company has purchased 34.997 of its own shares of nominally 34.997 to a total value of DKK 34.997 equalling 29,69 % of the total shareholding at the time of purchase. The purchase of own share where conducted due to a change in the group of shareholders. After the balance sheet date the Company has decided annul its own shares.

Events after the balance sheet date

After the balance sheet date the Company has decided to convert as per 30.06.2019 DKK 13.865.184 of its convertible long-term debt by issuing new shares.

Other than the above mentioned, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Gross profit/loss		(1.957.441)	367.544
Staff costs	1	(1.364.437)	(414.301)
Depreciation, amortisation and impairment losses	2	<u>(110.518)</u>	<u>0</u>
Operating profit/loss		(3.432.396)	(46.757)
Other financial expenses	3	<u>(1.332.125)</u>	<u>(8.276)</u>
Profit/loss before tax		(4.764.521)	(55.033)
Tax on profit/loss for the year	4	<u>(335.029)</u>	<u>0</u>
Profit/loss for the year		<u>(5.099.550)</u>	<u>(55.033)</u>
Proposed distribution of profit/loss			
Transferred to other reserves		4.147.861	5.974.283
Retained earnings		<u>(9.247.411)</u>	<u>(6.029.316)</u>
		<u>(5.099.550)</u>	<u>(55.033)</u>

Balance sheet at 30.06.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Development projects in progress		26.820.999	21.503.228
Intangible assets	5	26.820.999	21.503.228
Other fixtures and fittings, tools and equipment		412.957	105.191
Leasehold improvements		23.120	0
Property, plant and equipment	6	436.077	105.191
Deposits		337.186	105.000
Fixed asset investments		337.186	105.000
Fixed assets		27.594.262	21.713.419
Raw materials and consumables		273.515	311.530
Inventories		273.515	311.530
Other receivables		2.666.404	2.987.266
Prepayments		104.062	1.819.248
Receivables		2.770.466	4.806.514
Cash		1.055.259	7.512.321
Current assets		4.099.240	12.630.365
Assets		31.693.502	34.343.784

Balance sheet at 30.06.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		117.871	117.871
Reserve for development expenditure		20.927.365	16.779.504
Retained earnings		<u>(19.356.258)</u>	<u>(10.073.850)</u>
Equity		<u>1.688.978</u>	<u>6.823.525</u>
Deferred tax		<u>5.066.000</u>	<u>4.733.047</u>
Provisions		<u>5.066.000</u>	<u>4.733.047</u>
Convertible and dividend-yielding debt instruments	7	21.930.891	18.774.964
Other payables	8	326.647	0
Deferred income		<u>257.400</u>	<u>772.200</u>
Non-current liabilities other than provisions		<u>22.514.938</u>	<u>19.547.164</u>
Trade payables		289.134	896.069
Payables to associates		34.769	225.823
Other payables		1.584.883	1.603.356
Deferred income		<u>514.800</u>	<u>514.800</u>
Current liabilities other than provisions		<u>2.423.586</u>	<u>3.240.048</u>
Liabilities other than provisions		<u>24.938.524</u>	<u>22.787.212</u>
Equity and liabilities		<u>31.693.502</u>	<u>34.343.784</u>
Unrecognised rental and lease commitments	9		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	117.871	16.779.504	(10.073.850)	6.823.525
Purchase of treasury shares	0	0	(34.997)	(34.997)
Profit/loss for the year	<u>0</u>	<u>4.147.861</u>	<u>(9.247.411)</u>	<u>(5.099.550)</u>
Equity end of year	<u>117.871</u>	<u>20.927.365</u>	<u>(19.356.258)</u>	<u>1.688.978</u>

Notes

	2018/19	2017/18
	DKK	DKK
1. Staff costs		
Wages and salaries	7.711.804	7.754.734
Pension costs	112.294	0
Other social security costs	113.925	6.214
Other staff costs	376.739	20.351
Staff costs classified as assets	(6.950.325)	(7.366.998)
	1.364.437	414.301
Average number of employees	15	11

In relation to the above-mentioned staff costs, DKK 6.950.325 has been capitalised.

	2018/19	2017/18
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	110.518	0
	110.518	0

	2018/19	2017/18
	DKK	DKK
3. Other financial expenses		
Other interest expenses	1.332.125	8.276
	1.332.125	8.276

	2018/19	2017/18
	DKK	DKK
4. Tax on profit/loss for the year		
Change in deferred tax	333.515	0
Adjustment concerning previous years	1.514	0
	335.029	0

Notes

	Develop- ment projects in progress DKK
	<u>DKK</u>
5. Intangible assets	
Cost beginning of year	21.503.228
Additions	<u>5.317.771</u>
Cost end of year	<u>26.820.999</u>
Carrying amount end of year	<u>26.820.999</u>

Development projects

The development project comprise digital development of an artificial intelligence (AI) which the Company uses in its operations. The AI is used by the Company's customers and employees. The AI is still under-going development and is not put to use.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalised costs for development projects in the reserve for development costs under equity.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
	<u>DKK</u>	<u>DKK</u>
6. Property, plant and equipment		
Cost beginning of year	185.063	0
Additions	<u>412.504</u>	<u>28.900</u>
Cost end of year	<u>597.567</u>	<u>28.900</u>
Depreciation and impairment losses beginning of year	(79.872)	0
Depreciation for the year	<u>(104.738)</u>	<u>(5.780)</u>
Depreciation and impairment losses end of year	<u>(184.610)</u>	<u>(5.780)</u>
Carrying amount end of year	<u>412.957</u>	<u>23.120</u>

7. Convertible and dividend-yielding long-term instruments

As per 30.06.2019 DKK 0 of the convertible long-term debt is due 5 years after the balance sheet date. After the balance sheet date the Company has decided to convert as per 30.06.2019 DKK 13.865.184 of it's convertible long-term debt by issuing new shares.

Notes

	2018/19	2017/18
	DKK	DKK
8. Other long-term payables		
Other costs payable	326.647	0
	326.647	0

As per 30.06.2019 DKK 0 of the other long-term debt is due 5 years after the balance sheet date.

	2018/19	2017/18
	DKK	DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	745.931	1.371.879

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised over the contract period. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating equipment, leasehold improvements and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability

Other financial liabilities

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

Deferred income

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