

Mindway AI ApS

Åbogade 15, 8200 Aarhus N

CVR no. 39 50 49 79

**Annual report for the period
1 January to 31 December 2023**

Godkendt på selskabets ordinære generalforsamling den 3 May 2024

Christian Eichen
Chairman

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Statement by management on the annual report

The Supervisory board and Executive board have today discussed and approved the annual report of Mindway AI ApS 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 company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Aarhus, 3 May 2024

Executive board

Rasmus Kjærgaard
CEO

Supervisory board

Britt Ingrid Boeskov
Chair

Birgitte Kirstine Rysse Sand

Kim Beuschau Mouridsen

Willem Edward van Oort

Independent auditor's report

To the shareholders of Mindway AI ApS

Opinion

We have audited the financial statements of Mindway AI ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position 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.

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 and IESBA Code. 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 the 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.

Independent auditor's report

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.

Independent auditor's report

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, we conclude that 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 of management's review.

Copenhagen, 3 May 2024

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Peter Andersen
statsautoriseret revisor
mne34313

Dita Moysich
statsautoriseret revisor
mne47796

Company details

The company	Mindway AI ApS Åbogade 15 8200 Aarhus N CVR no.: 39 50 49 79 Reporting period: 1 January - 31 December 2023 Incorporated: 20 April 2018 Domicile: Aarhus
Supervisory board	Britt Ingrid Boeskov, chair Birgitte Kirstine Rysse Sand Kim Beuschau Mouridsen Willem Edward van Oort
Executive board	Rasmus Kjærgaard
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg

Management's review

Business review

The Company's main activity is to develop, market and sell software solutions incorporating artificial intelligence for medtech purposes, and other related activities, including consulting for companies engaged in activities related to the Company's purposes.

Financial review

The company's income statement for the year ended 31 December 2023 shows a loss of DKK 2,622,151, and the balance sheet at 31 December 2023 shows negative equity of DKK 10,242,881.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		6,947,127	5,019,797
Staff costs	2	-10,077,138	-5,762,234
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5,991	-10,078
Profit/loss before net financials		-3,136,002	-752,515
Financial income	3	63,716	7,791
Financial costs	4	-267,646	-196,983
Profit/loss before tax		-3,339,932	-941,707
Tax on profit/loss for the year	5	717,781	207,176
Profit/loss for the year		-2,622,151	-734,531
 Distribution of profit			
Retained earnings		-2,622,151	-734,531
		-2,622,151	-734,531

Balance sheet 31 December

	Note	2023	2022
		DKK	DKK
Assets			
Acquired patents		4,516	5,520
Intangible assets	6	4,516	5,520
Other fixtures and fittings, tools and equipment	7	0	4,987
Tangible assets		0	4,987
Deposits	8	111,460	87,287
Fixed asset investments		111,460	87,287
Total non-current assets		115,976	97,794
Trade receivables		3,082,047	2,059,161
Intercompany receivables		208,690	0
Other receivables		744,536	200,915
Joint taxation contributions receivable		907,862	921,283
Prepayments		91,601	2,097
Receivables		5,034,736	3,183,456
Cash at bank and in hand		856,924	2,371,458
Total current assets		5,891,660	5,554,914
Total assets		6,007,636	5,652,708

Balance sheet 31 December

	Note	2023 DKK	2022 DKK
Equity and liabilities			
Share capital		65,273	65,273
Retained earnings		-10,308,154	-7,686,003
Equity		-10,242,881	-7,620,730
Subordinate loan capital		11,400,000	0
Other payables		124,138	124,138
Total non-current liabilities	9	11,524,138	124,138
Subordinate loan capital	9	0	8,500,000
Trade payables		215,346	261,579
Intercompany payables		163,051	354,618
Other payables		348,212	290,218
Deferred income		3,999,770	3,742,885
Total current liabilities		4,726,379	13,149,300
Total liabilities		16,250,517	13,273,438
Total equity and liabilities		6,007,636	5,652,708
Going Concern	1		
Rent and lease liabilities	10		
Contingent liabilities	11		
Mortgages and collateral	12		
Related parties and ownership structure	13		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	65,273	-7,686,003	-7,620,730
Net profit/loss for the year	0	-2,622,151	-2,622,151
Equity at 31 December	65,273	-10,308,154	-10,242,881

The Company has adopted an incentive pay scheme, allowing key employees to exercise their share options, corresponding to 10.15% of the share capital at the time of granting, in the period to 1 September 2026. 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.

Notes

1 Going Concern

Management expects that the Company will be able to finance the activities planned partly through loans from shareholders and partly through sale of the Company's products.

The company has received a letter of subordination from the parent company Better Collective A/S, confirming that the total loan of MDKK 11,4 will not be recalled until at least 31 December 2025, unless the financial position of the company allows it.

Management expects that liquidity will improve and that the company will restore equity through own earnings in the years to come. Thus the Financial Statements are prepared under the going concern assumption.

	<u>2023</u>	<u>2022</u>
	DKK	DKK
2 Staff costs		
Wages and salaries	9,240,875	5,083,148
Pensions	645,709	340,190
Other social security costs	41,230	43,265
Other staff costs	149,324	295,631
	<u>10,077,138</u>	<u>5,762,234</u>
Number of fulltime employees on average	<u>10</u>	<u>6</u>
3 Financial income		
Other financial income	<u>63,716</u>	<u>7,791</u>
	<u>63,716</u>	<u>7,791</u>

Notes

	<u>2023</u>	<u>2022</u>
	DKK	DKK
4 Financial costs		
Financial expenses, group entities	223,485	148,171
Other financial costs	<u>44,161</u>	<u>48,812</u>
	<u>267,646</u>	<u>196,983</u>
5 Tax on profit/loss for the year		
Current tax for the year	-731,201	-207,176
Adjustment of deferred tax concerning previous years	<u>13,420</u>	<u>0</u>
	<u>-717,781</u>	<u>-207,176</u>
6 Intangible assets		
		<u>Acquired</u>
		patents
		DKK
Cost at 1 January		<u>10,000</u>
Cost at 31 December		<u>10,000</u>
Impairment losses and amortisation at 1 January		4,480
Amortisation for the year		<u>1,004</u>
Impairment losses and amortisation at 31 December		<u>5,484</u>
Carrying amount at 31 December		<u>4,516</u>

Notes

7 Tangible assets

	Other fixtures and fittings, tools and equipment
	<u>DKK</u>
Cost at 1 January	<u>30,874</u>
Cost at 31 December	<u>30,874</u>
Impairment losses and depreciation at 1 January	25,887
Depreciation for the year	<u>4,987</u>
Impairment losses and depreciation at 31 December	<u>30,874</u>
Carrying amount at 31 December	<u><u>0</u></u>

8 Fixed asset investments

	Deposits
	<u>DKK</u>
Cost at 1 January	87,287
Additions for the year	<u>24,173</u>
Cost at 31 December	<u>111,460</u>
Carrying amount at 31 December	<u><u>111,460</u></u>

Notes

9 Long term debt

	Debt at 1 January DKK	Debt at 31 December DKK	Instalment next year DKK	Debt outstanding after 5 years DKK
Subordinate loan capital	0	11,400,000	0	0
Other payables	124,138	124,138	0	0
	124,138	11,524,138	0	0

Subordinate loan capital

As at Dec 31st 2023 the Company had intercompany loans totalling MDKK 11,4 at a 6,82% annual interest rate.

Repayment in full is due on 31 December 2025 and interest on late payments set at 2% above the annual interest rate.

10 Rent and lease liabilities

	2023 DKK	2022 DKK
Rental obligations, notice of termination 6 months	194,659	150,993

11 Contingent liabilities

The company is jointly taxed with its parent company, Better Collective A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

Notes

12 Mortgages and collateral

None.

13 Related parties and ownership structure

Consolidated financial statements

The company is reflected in the group report as the parent company Better Collective A/S, CVR-nr. 27 65 29 13.

Accounting policies

The annual report of Mindway AI ApS 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 provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in DKK

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, direct cost and other external expenses.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

Direct cost

Direct costs related to revenue contain patent costs, direct development costs, referral fees and costs related to design and translation.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and equipment.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

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 10 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3 years	0 %

Gains and losses on the sale of items of equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Accounting policies

Other fixed asset investments

Other fixed asset investments consist of deposit for tenancy.

Impairment of fixed assets

The carrying amounts of intangible assets 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.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash

Cash comprises cash at bank.

Income tax and deferred tax

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Accounting policies

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income consist of payments received from customers relating to income in subsequent periods. Deferred income are mainly classified as current, as the related revenue is recognised within one year.

Foreign currency translation

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.