

Mindway AI ApS

Inge Lehmanns Gade 10, 8000 Aarhus C

CVR no. 39 50 49 79

**Annual report for the period
1 January to 31 December 2021**

Adopted at the annual general meeting on 10 May
2022

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 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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, 10 May 2022

Executive board

Rasmus Kjærgaard
CEO

Supervisory board

Flemming Pedersen
chairman

Birgitte Kirstine Rysse Sand

Kim Beuschau Mouridsen

Willem Edward van Oort

Independent auditor's report

To the shareholder of Mindway AI ApS

Opinion

We have audited the financial statements of Mindway AI ApS for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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.

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, 10 May 2022

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
Inge Lehmanns Gade 10
8000 Aarhus C

CVR no.: 39 50 49 79

Reporting period: 1 January - 31 December 2021

Incorporated: 20 April 2018

Domicile: Aarhus

Supervisory board

Flemming Pedersen, chairman
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

Key activities

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 2021 shows a loss of DKK 2.572.635, and the balance sheet at 31 December 2021 shows negative equity of DKK 6.886.200.

Significant events occurring after the end of the financial year

In April 2022 the company has taken up an extra short-term intercompany loan of DKK 500.000. The loan is subject to the same terms as existing intercompany loans. After the balance sheet date, the Company has received a letter of subordination from the parent company Better Collective A/S, confirming that the total loan of MDKK 8,5 will not be recalled until at least 30 June 2023.

Income statement 1 January - 31 December

	Note	2021	2020
		DKK	DKK
Gross profit		1.123.651	-131.790
Staff costs	2	-4.232.059	-2.602.746
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-11.291	-6.305
Profit/loss before net financials		-3.119.699	-2.740.841
Financial income	3	1.197	524
Financial costs	4	-179.748	-129.003
Profit/loss before tax		-3.298.250	-2.869.320
Tax on profit/loss for the year	5	725.615	-11.440
Profit/loss for the year		-2.572.635	-2.880.760
 Distribution of profit			
Retained earnings		-2.572.635	-2.880.760
		-2.572.635	-2.880.760

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Assets			
Acquired patents		6.520	7.520
Intangible assets	6	6.520	7.520
Other fixtures and fittings, tools and equipment		14.065	24.356
Tangible assets	7	14.065	24.356
Deposits		62.736	40.005
Fixed asset investments		62.736	40.005
Total non-current assets		83.321	71.881
Trade receivables		1.091.309	552.322
Other receivables		8.974	0
Joint taxation contributions receivable		725.615	0
Prepayments		9.093	41.573
Receivables		1.834.991	593.895
Cash at bank and in hand		1.426.129	718.341
Total current assets		3.261.120	1.312.236
Total assets		3.344.441	1.384.117

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Equity and liabilities			
Share capital		65.273	65.273
Retained earnings		-6.951.473	-4.378.772
Equity		-6.886.200	-4.313.499
Other payables		119.330	119.330
Total non-current liabilities	8	119.330	119.330
Short-term part of long-term debt	8	8.018.596	4.132.500
Trade payables		212.967	87.500
Corporation tax		1.736	1.609
Other payables		329.295	443.300
Deferred income		1.548.717	913.377
Total current liabilities		10.111.311	5.578.286
Total liabilities		10.230.641	5.697.616
Total equity and liabilities		3.344.441	1.384.117
Going concern	1		
Contingent assets, liabilities and other financial obligations	9		
Contingent liabilities	10		
Mortgages and collateral	11		
Related parties and ownership structure	12		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	65.273	-4.378.838	-4.313.565
Net profit/loss for the year	0	-2.572.635	-2.572.635
Equity at 31 December	65.273	-6.951.473	-6.886.200

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.

In April 2022 the company has taken up an extra short-term intercompany loan of DKK 500.000. The loan is subject to the same terms as existing intercompany loans.

After the balance sheet date, the Company has received a letter of subordination from the parent company Better Collective A/S, confirming that the total loan of MDKK 8,5 will not be recalled until at least 30 June 2023.

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>2021</u> DKK	<u>2020</u> DKK
2 Staff costs		
Wages and salaries	4.115.548	2.567.673
Pensions	50.309	0
Other social security costs	31.383	14.733
Other staff costs	34.819	20.340
	<u>4.232.059</u>	<u>2.602.746</u>
Average number of employees	<u>5</u>	<u>3</u>
3 Financial income		
Other financial income	<u>1.197</u>	<u>524</u>
	<u>1.197</u>	<u>524</u>

Notes

	<u>2021</u> DKK	<u>2020</u> DKK
4 Financial costs		
Financial expenses, group entities	156.370	0
Other financial costs	23.378	129.003
	<u>179.748</u>	<u>129.003</u>
5 Tax on profit/loss for the year		
Current tax for the year	<u>-725.615</u>	<u>11.440</u>
	<u>-725.615</u>	<u>11.440</u>
6 Intangible assets		
		<u>Acquired patents</u> DKK
Cost at 1 January		<u>10.000</u>
Cost at 31 December		<u>10.000</u>
Impairment losses and amortisation at 1 January		2.480
Amortisation for the year		<u>1.000</u>
Impairment losses and amortisation at 31 December		<u>3.480</u>
Carrying amount at 31 December		<u>6.520</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	6.518
Depreciation for the year	<u>10.291</u>
Impairment losses and depreciation at 31 December	<u>16.809</u>
Carrying amount at 31 December	<u><u>14.065</u></u>

Notes

8 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	4.132.500	8.018.596	8.018.596	0
Other payables	119.330	119.330	0	0
	4.251.830	8.137.926	8.018.596	0

Subordinate loan capital

In October 2021 the Company signed an extension to the existing intercompany loans and was granted another loan of DKK 1,000k. Thus as of Dec 31st 2021 the Company had intercompany loans totalling DKK 8,000k at a 2% annual interest rate. Repayment in full is due on Dec 31st 2022 and interest on late payments set at 2% above the annual interest rate.

After the balance sheet date, in April 2022, Mindway AI was granted an additional intercompany loan of DKK 500k. Subsequently, in May 2022, the Company has received a letter of subordination from the parent company Better Collective A/S, confirming that the total loan of DKK 8,500k will not be recalled until at least 30 June 2023.

Notes

	<u>2021</u>	<u>2020</u>
	DKK	DKK
9 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Rental obligations, notice of termination 6 months	110.932	70.380

10 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.

11 Mortgages and collateral

None.

12 Related parties and ownership structure

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company Better Collective A/S, CVR-nr. 27 65 29 13.

Accounting policies

The annual report of Mindway AI ApS for 2021 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 2021 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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant 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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

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

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Other fixed asset investments

Other fixed asset investments consist of deposit for tenancy.

Accounting policies

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.

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 and on hand.

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.

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.

Accounting policies

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.

Transaction 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.