



Piaster Revisorerne
vi giver bedre råd

BrainCapture ApS

Elektrovej 331, 2800 Kongens Lyngby

Company reg. no. 40 65 17 21

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 9 June 2023.

Tue Lehn-Schiøler
Chairman of the meeting

Piaster Revisorerne, statsautoriseret revisionsaktieselskab
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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of BrainCapture ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and 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.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Kongens Lyngby, 9 June 2023

Managing Director

Tue Lehn-Schiøler

Board of directors

Jacob Klinge Jacobsen

Tue Lehn-Schiøler

Michael Dybkjær Holbech

Hanne Breddam

Independent auditor's report on extended review

To the Shareholders of BrainCapture ApS

Opinion

We have performed an extended review of the financial statements of BrainCapture ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position 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.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review 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 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 extended review of the Financial Statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's Review, and we do not express any form of assurance opinion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's Review.

Alleroed, 9 June 2023

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Kaspar Hartmann-Petersen
State Authorised Public Accountant
mne45833

Company information

The company

BrainCapture ApS
Elektrovej 331
2800 Kongens Lyngby

Company reg. no. 40 65 17 21
Domicile: Lyngby-Taarbæk
Financial year: 1 January - 31 December

Board of directors

Jacob Klinge Jacobsen
Tue Lehn-Schiøler
Michael Dybkjær Holbech
Hanne Breddam

Managing Director

Tue Lehn-Schiøler

Auditors

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab
Engholm Parkvej 8
3450 Allerød

Management's review

The principal activities of the company

During the financial year, the company's main activities consisted of the development and commercialization of electromedical equipment for monitoring, warning, diagnosing epilepsy in low - medium income economies.

Development in activities and financial matters

The result of the year is considered satisfying.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	476.040	404.546
3 Staff costs	-3.332.850	-2.061.910
Operating profit	-2.856.810	-1.657.364
Other financial expenses	-71.861	-45.394
Pre-tax net profit or loss	-2.928.671	-1.702.758
4 Tax on net profit or loss for the year	639.791	351.072
Net profit or loss for the year	-2.288.880	-1.351.686
Proposed distribution of net profit:		
Allocated from retained earnings	-2.288.880	-1.351.686
Total allocations and transfers	-2.288.880	-1.351.686

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Current assets			
5	Income tax receivables	639.791	351.072
	Other receivables	487.714	103.044
	Prepayments	7.506	0
	Total receivables	<u>1.135.011</u>	<u>454.116</u>
	Cash on hand and demand deposits	<u>3.512.905</u>	<u>3.448.365</u>
	Total current assets	<u>4.647.916</u>	<u>3.902.481</u>
	Total assets	<u>4.647.916</u>	<u>3.902.481</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities	<u>2022</u>	<u>2021</u>
<u>Note</u>		
Equity		
Contributed capital	70.350	70.350
Retained earnings	269.859	2.558.739
Total equity	<u>340.209</u>	<u>2.629.089</u>
Long term liabilities other than provisions		
Other mortgage debt	1.099.323	1.048.132
6 Total long term liabilities other than provisions	<u>1.099.323</u>	<u>1.048.132</u>
Trade payables	27.000	27.000
Other payables	289.276	198.260
Deferred income	2.892.108	0
Total short term liabilities other than provisions	<u>3.208.384</u>	<u>225.260</u>
Total liabilities other than provisions	<u>4.307.707</u>	<u>1.273.392</u>
Total equity and liabilities	<u>4.647.916</u>	<u>3.902.481</u>
1 Uncertainties relating to going concern		
2 Special items		
7 Contingencies		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	57.136	0	223.719	280.855
Cash capital increase	13.214	3.686.706	0	3.699.920
Retained earnings for the year	0	0	-1.351.686	-1.351.686
Transferred to retained earnings	0	-3.686.706	3.686.706	0
Equity 1 January 2022	70.350	0	2.558.739	2.629.089
Retained earnings for the year	0	0	-2.288.880	-2.288.880
	70.350	0	269.859	340.209

Notes

All amounts in DKK.

1. Uncertainties relating to going concern

The company's continued operation is dependent on obtaining sufficient financing to maintain operations until 31 December 2023. The company has received loan commitments of an additional DKK 2,000,000, and therefore, the management presents the annual financial statements on the assumption of going concern.

2. Special items

The company has received a grant of DKK 6,941,059, relating to the period 1 June 2022 - 31 May 2023. The company has recognized DKK 4,048,951 in the income statement under other operating income and DKK 2,892,108 under deffered income in the balance sheet. The costs related to the grant have been expensed in the income statement at the time of expenditure. The costs are in line with the expected budget.

	<u>2022</u>	<u>2021</u>
3. Staff costs		
Salaries and wages	3.281.742	2.039.790
Other costs for social security	51.108	22.120
	<u>3.332.850</u>	<u>2.061.910</u>
Average number of employees	<u>6</u>	<u>4</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	<u>-639.791</u>	<u>-351.072</u>
	<u>-639.791</u>	<u>-351.072</u>

5. Income tax receivables

Company tax this year due to research and development costs (Danish tax credit scheme) amounts to 639,791 DKK. Payment is expected to be received in November 2023.

Tax for the year 2021 due to research and development costs (Danish tax credit scheme) amounts to 351,072 DKK. Payment was received in November 2022.

Notes

All amounts in DKK.

6. Long term liabilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Other mortgage debt	1.099.323	0	1.099.323	0
	1.099.323	0	1.099.323	0

Other mortgage debt is a COVID-19 Business Angel Loan from Vækstfonden including accrued and added interests. The loan, including compounded interests, shall be amortised as an annuity loan with quarterly repayments of interests and instalments in the period from 1 January 2024 - 1 January 2027.

If a founder's or investor's share in the company are transferred for a gross proceeds of more than DKK 16,480 per share, this is considered as a Qualified Sale. In the event of a Qualified Sale of the company, or received Qualified Equity Investment, the loan amount will be due for full and final repayment to Vækstfonden.

7. Contingencies

Contingent liabilities

The company has entered into lease agreement with af residual maturity of 2 months with an average benefit of DKK 23,750, a total of DKK 47,500.

If a founder's or investor's share in the company are transferred for a gross proceeds of more than DKK 16,480 per share, this is considered as a Qualified Sale. In the event of a Qualified Sale of the company, or received Qualified Equity Investment, company shall pay a bonus of maximum 1 million DKK to Vækstfonden deducted already paid interests regarding the loan disclosed in note 6.

Accounting policies

The annual report for BrainCapture ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises cost of sales, other operating income and external costs.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Accounting policies

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

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Michael Dybkjær Holbech

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Jacob Klinge Jacobsen

Bestyrelsesmedlem

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Tue Lehn-Schiøler

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Tue Lehn-Schiøler

Bestyrelsesmedlem

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Tue Lehn-Schiøler

Dirigent

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Hanne Breddam

Bestyrelsesmedlem

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Kaspar Hartmann-Petersen

Revisor

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