

Cognigen ApS

c/o Martinsen, Voldbjergvej 16, 2. tv, 8240 Risskov

Annual report

2020/21

Company reg. no. 40 91 80 78

The annual report was submitted and approved by the general meeting on the 1 February 2022.

William Webster Frederick
Chairman of the meeting

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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 executive board has presented the annual report of Cognigen ApS for the financial year 2020/21.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 August 2021 and of the company's results of activities in the financial year 1 September 2020 - 31 August 2021.

The executive board consider the conditions for audit exemption of the 2020/21 financial statements to be met.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Risskov, 1 February 2022

Executive board

William Webster Frederick
Director

Shawn Michael O'Connor
Director

Walter Stanley Woltosz
Director

Auditor's report on compilation of the financial statements

To the management of Cognigen ApS

We have compiled the financial statements of Cognigen ApS for the financial year 1 September 2020 - 31 August 2021 based on the company's bookkeeping and on further information provided by you.

The financial statements comprise the income statement, statement of financial position, statement of changes in equity, notes and accounting policies.

We performed this engagement in accordance with the international standard ISRS 4410 applying to compilation engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us in order to compile the financial statements. Accordingly, we express neither an audit opinion nor a review opinion as to whether the financial statements have been compiled in accordance with the Danish Financial Statements Act.

Risskov, 1 February 2022

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01

Søren Anthon Pedersen

State Authorised Public Accountant
mne10154

Company information

The company

Cognigen ApS
c/o Martinsen
Voldbjergvej 16, 2. tv
8240 Risskov

Company reg. no. 40 91 80 78
Established: 28 October 2019
Domicile: Aarhus
Financial year: 1 September - 31 August
2nd financial year

Executive board

William Webster Frederick, Director
Shawn Michael O'Connor, Director
Walter Stanley Woltoz, Director

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Voldbjergvej 16, 2. sal
8240 Risskov

Parent company

Simulations Plus, Inc.
42505 Tenth Street West
Lancaster, CA 93534
USA

Management´s review

The principal activities of the company

The principal activities of the company is to operate within the consultancy business and any other related activity.

Development in activities and financial matters

The gross profit for the year totals DKK 2.497.081 against DKK 1.899.350 last year. Income or loss from ordinary activities after tax totals DKK 68.898 against DKK 72.911 last year. Management considers the net profit or loss for the year satisfactory.

Income statement 1 September - 31 August

All amounts in DKK.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
Gross profit	2.497.081	1.899.350
1 Staff costs	-2.375.547	-1.802.671
Operating profit	121.534	96.679
Other financial income	2	0
2 Other financial costs	-32.854	-2.516
Pre-tax net profit or loss	88.682	94.163
3 Tax on net profit or loss for the year	-19.784	-21.252
Net profit or loss for the year	68.898	72.911
Proposed appropriation of net profit:		
Transferred to retained earnings	68.898	72.911
Total allocations and transfers	68.898	72.911

Balance sheet at 31 August

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Current assets		
Receivables from group enterprises	494.067	417.949
Other receivables	169	116.096
Total receivables	<u>494.236</u>	<u>534.045</u>
Total current assets	<u>494.236</u>	<u>534.045</u>
Total assets	<u>494.236</u>	<u>534.045</u>

Balance sheet at 31 August

All amounts in DKK.

Equity and liabilities		<u>2021</u>	<u>2020</u>
<u>Note</u>			
Equity			
Contributed capital		40.000	40.000
Results brought forward		141.809	72.911
Total equity		<u>181.809</u>	<u>112.911</u>
Liabilities other than provisions			
4 Income tax payable		19.536	0
Total long term liabilities other than provisions		<u>19.536</u>	<u>0</u>
Trade creditors		30.000	39.847
Income tax payable		0	21.252
Other payables		262.891	360.035
Total short term liabilities other than provisions		<u>292.891</u>	<u>421.134</u>
Total liabilities other than provisions		<u>312.427</u>	<u>421.134</u>
Total equity and liabilities		<u>494.236</u>	<u>534.045</u>

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 September 2019	0	0	0
Cash capital increase	40.000	0	40.000
Profit or loss for the year brought forward	<u>0</u>	<u>72.911</u>	<u>72.911</u>
Equity 1 September 2020	40.000	72.911	112.911
Profit or loss for the year brought forward	<u>0</u>	<u>68.898</u>	<u>68.898</u>
	<u>40.000</u>	<u>141.809</u>	<u>181.809</u>

Notes

All amounts in DKK.

	<u>2020/21</u>	<u>2019/20</u>
1. Staff costs		
Salaries and wages	1.998.227	1.627.344
Pension costs	366.743	163.271
Other costs for social security	10.577	12.056
	<u>2.375.547</u>	<u>1.802.671</u>
 Average number of employees	 <u>2</u>	 <u>2</u>
2. Other financial costs		
Financial costs, group enterprises	32.659	0
Other financial costs	195	2.516
	<u>32.854</u>	<u>2.516</u>
3. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	19.536	21.252
Adjustment of tax for previous years	248	0
	<u>19.784</u>	<u>21.252</u>
	 <u>31/8 2021</u>	 <u>31/8 2020</u>
4. Income tax payable		
Long-term part of corporate tax (note)	19.536	0
Share of amount due within 1 year	0	0
	<u>19.536</u>	<u>0</u>
 Share of liabilities due after 5 years	 <u>0</u>	 <u>0</u>

Accounting policies

The annual report for Cognigen 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.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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 the revenue and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Other external costs comprise costs incurred for administration.

Staff costs

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

Financial income and expenses

Financial expenses comprise interest. Financial expenses are recognised in the income statement with the amounts concerning the financial year.

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.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

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.

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.

Accounting policies

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

Liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.