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Brainreader A/S

Niels Jernes Vej 10
9220 Aalborg Øst
CVR No. 33864884

Annual report 2024

The Annual General Meeting adopted the annual report on 30.06.2025

Peter Thor Munck Birkmand
Chairman of the General Meeting

Contents

Entity details

Entity
Brainreader A/S
Niels Jernes Vej 10
9220 Aalborg Øst

Business Registration No.: 33864884
Registered office: Aalborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors
Peter Thor Munck Birkmand, Chairman
Henrik Bak
Jens Hansson
Thomas Henderson Mount
Timothy Tankosic
Arne Roland Leonard Norberg
Peter Dahlgren

Executive Board
Mads Fiig

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Brainreader A/S for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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.

Aalborg, 25.06.2025

Executive Board

Mads Fiig

Board of Directors

Peter Thor Munck Birkmand
Chairman

Henrik Bak

Jens Hansson

Thomas Henderson Mount

Timothy Tankosic

Arne Roland Leonard Norberg

Peter Dahlgren

Independent auditor's report

To the shareholders of Brainreader A/S

Opinion

We have audited the financial statements of Brainreader A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Aarhus, 25.06.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Rasmus Volert Madsen
State Authorised Public Accountant
Identification No (MNE) mne45822

Management commentary

Primary activities

The Company's primary activities consist of developing and commercialising medical image processing software which is able to analyse MR scans of the brain and assess degeneration of brain structures. The customers are radiology departments at public and private hospitals as well as private scanning clinics

Development in activities and finances

The Company's course of development remains positive despite the fact that equity at the balance sheet date is negative by DKK 13,9m, compared to negative DKK 15,52m by year end 2023, and the Company is subject to the rules governing loss of capital as laid down in the Danish Companies Act. Management has remained engaged in efforts to raise capital. During 2024 more than DKK 3,4m in new financing has been contributed, the majority by way of new equity, and DKK 5m in debt has been converted into equity. Alongside new equity investments in 2025 and beyond, the Company expects the majority of the loans from current shareholders to be converted into equity. See note 1 for further detail.

In 2024, the Company continued its market focus on the US. Management is pleased with the substantial double-digit growth of Neuroreader reports generated in 2024 due to strong demand from new and existing customers. This despite operating with a reduced team and resources.

Clinical results from an important study published by Dr. Cyrus Raji provide strong evidence that Neuroreader 2.7 outperforms the competition in specific areas when used as an aid to diagnose certain neurodegenerative diseases. This further solidifies the clinical efficacy and market position of our solution.

The current version of Neuroreader 2.7.1 continue to outperform in terms of stability and customer satisfaction. Continuing to improve our capabilities and expansion options to meet demand we have outsourced our cloud hosting management to NordCloud which has proven to be effective, providing 99.99% uptime and continuous monitoring of AWS services 24/7 across Europe and the USA.

Quality and regulatory compliance remain integral parts of the Brainreader ecosystem, affecting all aspects of the business. In early June 2024, we successfully passed the recertification of our ISO 13485. Pre-MDR requirements have been implemented, and as part of these requirements, we signed the MDR contract with Intertek, allowing us to work towards MDR compliance.

The Company has generated a loss of DKK 6,8m, compared to DKK 9,2m in 2023. Equity amounts to negative DKK 13,9m on 31 December 2024. The original platform, which was developed in previous years, is still capitalized, see note 7 for further information.

Research and development activities

Completed development projects and projects in progress comprise the development of the Company's software to be used for analysis of MRI data from radiology departments at public and private hospitals.

Events after the balance sheet date

After the balance sheet date, the Company has secured approx. DKK 3,9 m by way of new equity investments. Additional commitments for further capital have been secured with reference to note 1.

The company's continued commercial efforts on the US market have resulted in closing an agreement with one of the major MRI groups. Rollout is planned for the entire year.

No more events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		**(471,287)**	**(2,171,271)**
Staff costs	2	(2,704,847)	(4,711,781)
Depreciation, amortisation and impairment losses	3	(749,646)	(648,430)
Operating profit/loss		**(3,925,780)**	**(7,531,482)**
Other financial income		92,426	3,768
Other financial expenses	4	(3,052,689)	(1,869,947)
Profit/loss before tax		**(6,886,043)**	**(9,397,661)**
Tax on profit/loss for the year	5	117,091	240,354
Profit/loss for the year		**(6,768,952)**	**(9,157,307)**
Proposed distribution of profit and loss			
Retained earnings		(6,768,952)	(9,157,307)
Proposed distribution of profit and loss		**(6,768,952)**	**(9,157,307)**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	7	5,666,010	5,859,041
Intangible assets	6	**5,666,010**	**5,859,041**
Other fixtures and fittings, tools and equipment		10,173	34,558
Leasehold improvements		0	0
Property, plant and equipment	8	**10,173**	**34,558**
Investments in group enterprises		7	7
Financial assets	9	**7**	**7**
Fixed assets		**5,676,190**	**5,893,606**
Trade receivables		1,451	3,279
Other receivables		139,429	59,033
Income tax receivable	10	117,091	240,354
Prepayments		3,594	8,200
Receivables		**261,565**	**310,866**
Cash		**406,162**	**3,846**
Current assets		**667,727**	**314,712**
Assets		**6,343,917**	**6,208,318**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		4,682,558	4,006,653
Reserve for development expenditure		4,419,488	4,570,052
Retained earnings		(23,022,474)	(24,098,470)
Equity		**(13,920,428)**	**(15,521,765)**
Subordinate loan capital		0	7,508,945
Debt to other credit institutions		6,515,634	4,456,251
Payables to owners and management		11,324,172	5,667,349
Other payables		74,876	74,876
Non-current liabilities other than provisions	11	**17,914,682**	**17,707,421**
Current portion of non-current liabilities other than provisions	11	1,008,329	2,088,000
Bank loans		0	131,688
Trade payables		312,906	510,455
Payables to group enterprises		663,901	759,876
Payables to owners and management		187,500	0
Other payables		177,027	532,643
Current liabilities other than provisions		**2,349,663**	**4,022,662**
Liabilities other than provisions		**20,264,345**	**21,730,083**
Equity and liabilities		**6,343,917**	**6,208,318**
Uncertainty related to going concern	1		
Contingent assets	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2024

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	4,006,653	0	4,570,052	(24,098,470)	(15,521,765)
Increase of capital	675,905	2,771,026	0	0	3,446,931
Capital increase by debt conversion	0	4,988,358	0	0	4,988,358
Costs related to equity transactions	0	(65,000)	0	0	(65,000)
Transfer to reserves	0	(7,694,384)	(150,564)	7,844,948	0
Profit/loss for the year	0	0	0	(6,768,952)	(6,768,952)
Equity end of year	**4,682,558**	**0**	**4,419,488**	**(23,022,474)**	**(13,920,428)**

The company is subject to the Danish Companies Act's rules on capital losses resulting from losses of more than 50% of equity. Management expects that equity can be re-established via capital injections and future earnings.

Notes

1 Uncertainty related to going concern

After the balance sheet date, the Company has secured approx. DKK 3,9m by way of capital injection. These capital injections are part of an investment round amounting in aggregate to DKK 49m including convertible loans, and the last equity contributions are expected in April 2026. This investment round is in part contingent upon the company achieving a series of milestones, which the company expects to meet.

Conversion of existing convertible debt notes amounting to DKK 9,1m is expected to be completed in combination with the aforementioned investment round.

The company assesses that the current capital requirements are sufficient to continue developing the business and servicing the company's obligations in the upcoming fiscal year.

Based on the continued increase in the demand for Neuroreader and the progress with several new customers and distribution channels, as well as the development in the market, the assumptions for the projected growth are considered reasonable.

On this basis, it is Management's opinion that sufficient liquidity is secured for the Company's going concern.

2 Staff costs

	2024 **DKK**	**2023** **DKK**
Wages and salaries	2,567,394	4,438,991
Pension costs	112,899	219,708
Other social security costs	24,554	53,082
	2,704,847	**4,711,781**
Average number of full-time employees	3	6

3 Depreciation, amortisation and impairment losses

	2024 **DKK**	**2023** **DKK**
Amortisation of intangible assets	725,261	616,009
Depreciation of property, plant and equipment	24,385	32,421
	749,646	**648,430**

4 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	1,646,228	1,798,226
Other interest expenses	1,227,545	20,407
Exchange rate adjustments	178,916	51,314
	3,052,689	**1,869,947**

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	(117,091)	(240,354)
	(117,091)	**(240,354)**

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	23,063,278
Additions	532,230
Cost end of year	**23,595,508**
Amortisation and impairment losses beginning of year	(17,204,237)
Amortisation for the year	(725,261)
Amortisation and impairment losses end of year	**(17,929,498)**
Carrying amount end of year	**5,666,010**

7 Development projects

Completed development projects and projects in progress comprise the development of the Company's software to be used for analysis of MRI data from radiology departments at public and private hospitals.

As of 31.12.2024 the cost of the basic platform still remains with addition of the new version developed in 2024 which comprises three key areas:

1. Refactorisation, and optimization to stabilize pipeline codebase, and improve code readability
2. Improvemntss on development infrastructure
3. New experimental features and hardware support updates.

All above activities has as per our QMS system and regulatory requirements required clinical and statistical validations prior to release.

Completed development projects are amortised over a period of 10 years.

Management has not identified any further indication of impairment on the carrying amount.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	129,576	140,799
Cost end of year	**129,576**	**140,799**
Depreciation and impairment losses beginning of year	(95,018)	(140,799)
Depreciation for the year	(24,385)	0
Depreciation and impairment losses end of year	**(119,403)**	**(140,799)**
Carrying amount end of year	**10,173**	**0**

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	7
Cost end of year	**7**
Carrying amount end of year	**7**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Brainreader Inc.	Delaware	Inc.	100

10 Tax receivable

The outstanding corporate tax receivable included in the balance sheet relates to the use of the tax credit scheme under section 8X of the Danish Tax AssessmentAct, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria forusing the scheme, it is management's clear understanding that the company is eligible to use the scheme, and the recognition has been made based on thisassessment. There is a risk that the Danish Tax Authority may determine that the conditions for using the scheme have not been met. If so, subsequent financialyears will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the consolidated statement of profit or loss and other comprehensive income.

11 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due within 12 months 2023 DKK	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Debt to other credit institutions	1,008,329	2,088,000	6,515,634	0
Payables to owners and management	0	0	11,324,172	0
Other payables	0	0	74,876	74,876
	1,008,329	**2,088,000**	**17,914,682**	**74,876**

Payables to owners and mangement consists of subordinate loan capital, which are due for payment when other creditores are covered.

Long-term other debt consists of holiday pay obligations related to the new Holiday Act. It is not possible to reliably determine the debt after 5 years.

12 Contingent assets

The company has a tax asset of DKK 13,5m. which is not recorded in the accounts due to uncertainty about its use in the following 3-5 years.

13 Contingent liabilities

The Company has entered an agreement with EIFO assuming a maximum of DKK 1,1m. only applicable by a favorable exit.

14 Assets charged and collateral

Debt to EIFO is secured by way of an indemnity letter valued at DKK 5,5m., with security in operation equipment and receivables, with a total value of DKK 5,5m.

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 a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from salary reimbursement.

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.

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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and foreign currency transactions, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and foreign currency transactions, 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 completed and in progress.

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.

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

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment 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.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-4 years

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.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

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

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises bank deposits.

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