

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Medicortex Finland Oy

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Medicortex Finland Oy (business identity code 2625992-6) for the financial period 1 January 2021-31 December 2021. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of 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 ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern basis

We would like to draw attention to the notes "Going Concern" of financial statements. According to the note the company's current liquid assets of EUR 444 thousand at the end of the financial year are not sufficient to continue operations in accordance with the significant development and investment plan until the end of 2022 without additional financing. There are no binding decisions on additional funding as of the date of approval of the financial statements. These conditions, along with the other matters explained in note "Going Concern" to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion has not been qualified by this matter.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the



going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism 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 the Board of Directors' and the Managing Director's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give 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.

Turku 18 March 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

A handwritten signature in blue ink, appearing to read 'Kalle Laaksonen', written over a light blue horizontal line.

Kalle Laaksonen
Authorised Public Accountant (KHT)

FINANCIAL STATEMENTS

Medicortex Finland Oy

Business ID: 2625992-6

01.01.2021 – 31.12.2021

These financial statements must be archived until 31.12.2031

Financial statements for the financial period 01.01.2021 – 31.12.2021

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The financial statements must be archived for a minimum of 10 years after the financial period has ended.

Receipts belonging to the financial period must be archived for at least 6 years after the end of the year during which the financial period has ended.

Author:

Tili-Vinkki Oy
authorized accounting company
Vähäheikkiläntie 56 B
20810 Turku

Address: Itäinen Pitkäkatu 4 B 4, 20520 Turku

Business ID: 2625992-6

Domicile: Turku

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Balance sheet

	31.12.2021	31.12.2020
ASSETS		
Non-current assets		
Intangible assets	172 351,48	156 760,74
Intangible assets in total	172 351,48	156 760,74
Non-current assets in total	172 351,48	156 760,74
Current assets		
Receivables		
Current receivables		
Other receivables	6 973,01	6 805,83
Prepayments and accrued income	4 499,68	621,00
Current receivables in total	11 472,69	7 426,83
Receivables in total	11 472,69	7 426,83
Cash at bank and in hand	443 954,55	93 046,28
Current assets in total	455 427,24	100 473,11
ASSETS IN TOTAL	627 778,72	257 233,85

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	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital or other comparable assets	2 500,00	2 500,00
Other reserves	2 165 046,20	1 097 960,80
Reserve for invested non-restricted capital	2 165 046,20	1 097 960,80
Retained earnings gain or loss	-1 057 243,91	-890 991,61
Loss for the financial year	-744 400,82	-166 252,30
Equity in total	365 901,47	43 216,89
Liabilities		
Non-current liabilities		
Loans from credit institutions	115 142,00	67 032,00
Non-current liabilities in total	115 142,00	67 032,00
Current liabilities		
Loans from credit institutions	33 517,00	33 517,00
Accounts Payables	16 824,62	6 473,61
Other creditors	51 755,60	34 986,41
Accruals and deferred income	44 638,03	72 007,94
Current liabilities in total	146 735,25	146 984,96
Liabilities in total	261 877,25	214 016,96
EQUITY AND LIABILITIES IN TOTAL	627 778,72	257 233,85

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Income statement

	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Other operating income	29 494,00	818 872,01
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-27 909,19	-17 038,95
External services	-180 409,00	-445 622,56
Raw materials and services in total	-208 318,19	-462 661,51
Personnel expenses		
Wages and salaries	-318 566,03	-294 819,04
Social security expenses	-42 089,64	-33 993,33
Pension expenses	-33 901,87	-26 261,01
Other social security expenses	-8 187,77	-7 732,32
Personnel expenses in total	-360 655,67	-328 812,37
Depreciation, amortisation and reduction in value		
Depreciation according to plan	-24 782,78	-20 745,43
Depreciation, amortisation and reduction in value in total	-24 782,78	-20 745,43
Other operating expenses	-178 699,23	-171 670,63
Operating profit/loss	-742 961,87	-165 017,93
Financial income and expenses		
Other interest and financial income		
From others	25,10	38,57
Interest and other financial expenses		
To others	-1 464,05	-1 272,94
Financial income and expenses in total	-1 438,95	-1 234,37
Loss before appropriations and taxes	-744 400,82	-166 252,30
Loss for the financial year	-744 400,82	-166 252,30

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Cash Flow Statement

(euros)

	2021	2020
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit (Loss) for the period before tax	-744 401	-166 252
Adjustments:		
Planned depreciations	24 783	20 745
Financial Income and expenses	1 439	1 234
Other Adjustments		
Cash flow before change in working capital	-718 179	-144 273
Change in working capital		
Increase (-) / decrease (+) in current receivables	-4 046	+103 622
Increase (+) / decrease (-) in current interest-free liabilities	-1 072	-258 175
	-5 118	-154 553
Cash flow from operating activities before financial items and taxes	-723 297	-298 825
Interest paid and payments for other financial expenses from business operations	-1 045	-1 374
Interest received and other financial income from business operations	25	39
Cash flow from operating activities before extraordinary items	-724 317	-300 161
<u>Cash Flow from operating activities</u>	-724 317	-300 161
<u>CASH FLOW FROM INVESTMENT ACTIVITIES</u>		
Investment in tangible and intangible assets	-39 970	-87 176
<u>Cash flow from investment activities</u>	-39 970	-87 176
Cash flow after investment activities	-764 287	-387 337
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from issue of share capital	1 067 085	227 800
Proceeds of long-term borrowings	+81 627	+0
Repayment of long-term borrowings	-33 517	-33 517
<u>Cash flow from Financing activities</u>	1 115 195	194 283
Change in liquid funds	350 908	-193 054
Liquid funds at the beginning of the period	93 046	286 100
Liquid funds at the end of the period	443 954	93 046
Change	350 908	-193 054

Notes to the financial statements

The company is a small company as defined in the Accounting Act and the financial statements have been prepared in compliance with the rules pertaining to small enterprises laid down in Chapters 1–3 of the Government Decree on the information presented in the financial statements of small and micro enterprises.

Financial statements accounting principles

Measurement principles applied to receivables, investments and liabilities

Receivables, investments and other similar financial assets as well as liabilities are valued according to Chapter 5, Section 2 of the Accounting Act.

Recognition and amortisation of intangible rights

The acquisition costs for patents that are recorded in Intangible assets accounts as part of the non-current assets are amortized by the straight-line method over 10 years.

Other than this, the financial statements have been prepared in accordance with the default valuation and recognition principles and methods laid down in Chapter 3, Section 1(2–3) of the Government Decree on the information presented in the financial statements of a small and micro enterprises.

Non-current creditors

Liabilities which become due and payable after more than five years	25 277,00
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Personnel

Average number of personnel

	31.12.2021	31.12.2020
Employees	7	5

Information corresponding to a management report

The amount of shares in the company by class and the main regulations about each class of shares according to Company's Articles of Association

Company's share capital divided by different share class as per follows

Shares	31.12.2021
	1 874 258 pcs

Company's Articles of Association contain a redemption clause.

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Organization and funding arrangements

The Annual General Meeting decided on 29 May 2020 to authorize the Board of Directors to decide on directed share issue. On the basis of this authorization the Board of Directors may decide to issue up to 1 000 000 new shares in one or more share issues. Determining the subscription price and other terms and conditions shall be decided by the Board of Directors. The Board of Directors may decide to deviate from the shareholders' pre-emptive right if there is a weighty financial reason.

On the basis of the authorization the Board of Directors has made the following decisions of share issues in the financial period:

29.01.2021 directed share issue	20 893 shares	total 117 000,80 euros
30.01.2021 directed share issue	20 000 shares	total 112 000,00 euros
31.01.2021 directed share issue	500 shares	total 3 200,00 euros
04.05.2021 directed share issue	11 500 shares	total 73 600,00 euros
25.05.2021 directed share issue	9 000 shares	total 57 600,00 euros

The Annual General Meeting decided on 28 May 2021 to authorize the Board of Directors to decide on directed share issue. On the basis of this authorization the Board of Directors may decide to issue up to 1 000 000 new shares in one or more share issues. Determining the subscription price and other terms and conditions shall be decided by the Board of Directors. The Board of Directors may decide to deviate from the shareholders' pre-emptive right if there is a weighty financial reason.

On the basis of the authorization the Board of Directors has made the following decisions of share issues in the financial period:

20.08.2021 directed share issue	120 000 shares	total 200 000,00 euros
07.09.2021 directed share issue	9 000 shares	total 57 600,00 euros
13.09.2021 directed share issue	64 363 shares	total 321 815,00 euros
13.12.2021 directed share issue	25 325 shares	total 162 080,00 euros

The purpose of all share issues was to execute a financing arrangement needed from the business point of view of the company and to strengthen the balance sheet. Due to this, there was a weighty financial reason to deviate from the shareholders' pre-emptive subscription rights.

The Annual General Meeting decided on 29 May 2020 to authorize the Board of Directors to decide on issue of option rights. On the basis of said authorization the Board of Directors may decide on one or more issues of option rights that entitle to receive in total of maximum of 400 000 new shares. The issue of option rights and the terms and conditions remain at the sole direction of the Board of Directors.

On the basis of the authorization the Board of Directors has made the following decisions of option rights: The exercise period for all the granted option rights is due to expire on 31 December 2030. The subscription price for the shares shall be 0,10 eur/share.

Issued and subscribed option rights:

29.01.2021 23 220 option rights, as a part of an incentive scheme of the company personnel.

29.01.2021 6 000 option rights, as a part of an incentive scheme of the scientific council of the company.

30.01.2021 20 000 option rights, as a part of a directed share issue.

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31.01.2021 3 000 option rights, as a part of an incentive scheme of the company personnel.

The Annual General Meeting decided on 25 May 2021 to authorize the Board of Directors to decide on issue of option rights. On the basis of said authorization the Board of Directors may decide on one or more issues of option rights that entitle to receive in total of maximum of 400 000 new shares. The issue of option rights and the terms and conditions remain at the sole direction of the Board of Directors.

On the basis of the authorization the Board of Directors has made the following decisions of option rights: The exercise period for all the granted option rights is due to expire on 31 December 2030. The subscription price for the shares shall be 0,10 eur/share.

Issued and subscribed option rights:

14.06.2021 36 000 option rights, as a part of an incentive scheme of the Board of Directors.

14.06.2021 87 530 option rights, as a part of an incentive scheme of the management.

Going Concern

The Company's management has assessed the Company's ability to continue as going concern in the foreseeable future. The company has successfully completed three clinical trials. Prototypes of the saliva and urine test are currently being developed. In 2019-2020, the company received significant research funding of approximately 1,149 thousand euros from the United States Department of Defense (DoD). This financing enabled the continuity of operations and a stable financial situation in those years. The company is negotiating new research financing with the DoD. During 2021, the company was invited to apply for several grant applications for several DoD research and development programs. Company has submitted these grant applications to DoD. Funding for these projects could be realized from the second half of 2022 onwards.

Medicortex Oy's loss for the financial year ended 31 December 2021 was EUR 744 thousand and its equity was EUR 366 thousand, which includes accumulated losses from the previous and ended financial year totalling to EUR 1,801 thousand. Cash flow from operating activities for the financial year ended 31 December 2021 was EUR 724 thousand negative. Cash flow from investing activities was EUR 40 thousand negative. The company's cash and cash equivalents on December 31, 2021 were EUR 444 thousand.

Medicortex has mainly financed the development activities with equity financing and research funding received in 2019-2020. During the financial year 2021, the company raised a total of EUR 1,067 thousand in new issuance of shares.

The company's management has prepared financial forecasts for the development of expenses and investments over the next 12 months. The forecasts are based on the assumption that the Company will continue to develop and commercialize saliva and urine test prototypes and the assumption that the Company will be listed on the First North marketplace.

The company's current liquid assets of EUR 444 thousand at the end of the financial year are not sufficient to continue operations in accordance with the significant development and investment plan until the end of 2022 without additional financing. The company is actively seeking private investments and has submitted several R&D funding applications and project plans with public institutional financiers to maintain operations and raise capital. In addition, the Company is considering and preparing a public share issue and listing on the Nasdaq Helsinki First North Growth Market, which could be completed by mid-2022. Based on these matters the financial statement has been prepared on going concern basis.

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If the company is not able to receive additional financing during 2022, the company's operations should be significantly down-scaled and operating costs reduced. As there are no binding decisions on additional funding as of the date of approval of the financial statements, the adequacy of the funding constitutes a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern.

Statement of changes in equity

	31.12.2021	31.12.2020
Subscribed share capital 01.01	2 500,00	2 500,00
Subscribed share capital 31.12	2 500,00	2 500,00
Restricted equity in total	2 500,00	2 500,00
Reserve for invested unrestricted equity 01.01	1 053 751,20	816 960,80
Transfer, subscribed capital	942 815,00	236 790,40
Reserve for invested unrestricted equity 31.12	1 996 566,20	1 053 751,20
Increase in subscribed capital 01.01	44 209,60	53 200,00
Transfer, reserve for invested unrestricted equity	-942 815,00	-236 790,40
Increase during financial period	1 067 095,00	227 800,00
Correction	-9,60	0,00
Increase in subscribed capital 31.12, registered 19.1.2022	168 480,00	44 209,60
Other reserves in total	2 165 046,20	1 097 960,80
Retained earnings (loss) 01.01	-1 057 243,91	-890 991,61
Retained earnings (loss) 31.12	-1 057 243,91	-890 991,61
Profit (loss) for the period	-744 400,82	-166 252,30
Unrestricted equity in total	363 401,47	40 716,89
EQUITY IN TOTAL	365 901,47	43 216,89

Calculation of distributable unrestricted equity in accordance with Chapter 13, Section 5 of the Limited Liability Companies Act

Other reserves	2 165 046,20
Retained earnings	-1 057 243,91
Profit/loss for the period	-744 400,82
Unrestricted equity in total	363 401,47
Distributable equity in total	363 401,47

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Proposal of the Board of Directors for the use of distributable equity

Board of directors proposes that the loss of the financial year 744 400,82 euros would be transferred to retained earnings/loss.

Signatures of the financial statements

TURKU, 14.3.2022

Place, date



Adrian Harel

Chairman of the Board



Mårten Kvist

Member of the Board of Directors



Tom Palenius

Member of the Board of Directors



Anna Tenstam

Member of the Board of Directors

Auditor's Note

The auditor's report has been issued today.

TUEKKU 18 MARCH 2022

Place, date

PricewaterhouseCoopers Oy, auditing company



Kalle Laaksonen, ~~GPA~~

AUTHORIZED PUBLIC ACCOUNTANT (KHT)

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List of accounting records and materials

General journal	Electronically archived
General ledger	Electronically archived
Financial statements	Bound
Balance breakdown	Bound

Receipt types and storage methods

Sales invoices	Electronically archived
Purchase invoices	Electronically archived upon the recording of receipts
E-invoices (purchase invoices)	Electronically archived
Travel and expense invoices, memos	Electronically archived
Salaries	Electronically archived
Bank statements, payment receipts	Electronically archived
VAT summaries	Electronically archived
Seasonal tax reports	Electronically archived

Original purchase invoices received on paper are stored on paper by the entity with an accounting obligation. If a paper invoice has been scanned, the invoice is only stored electronically.

The original receipts attached to the receipt and related travel and expense invoices are stored on paper by the entity with an accounting obligation. If a paper invoice or its attachments are scanned, they are only stored electronically.