



Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Medicortex Finland Oyj

Report on the Audit of the Financial Statements

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 Oyj (business identity code 2625992-6) for the financial period 1.1.-31.12.2022. The financial statements comprise the balance sheet, income 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.

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.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.



In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Turku March 6, 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kalle Laaksonen
Authorised Public Accountant (KHT)

FINANCIAL STATEMENTS

Medicortex Finland Oyj

Business ID: 2625992-6

01.01.2022 – 31.12.2022

These financial statements must be archived until 31.12.2032

Financial statements for the financial period 01.01.2022 – 31.12.2022

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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
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Business ID: 2625992-6

Domicile: Turku

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Annual report

Key events in 2022 and events after the financial period

In the beginning of the year, the Extraordinary General Meeting of the company, held on 14 January 2022, resolved to change the company's legal form to public limited company (Plc), implement new Articles of Association, as well as affiliate company's shares into the electronic book-entry securities system. In addition, the Board of Directors was authorized to make the decisions needed to perform an initial public offering (IPO) and listing of company's shares on Nasdaq Helsinki Ltd (Helsinki Stock Exchange) First North Growth Market marketplace.

Company's shares were affiliated to the electronic book-entry securities system between 18 to 29 April 2022, after which the shareholder register has been maintained by Euroclear Finland Ltd. In addition, all the shares of the company were split 1:10 as resolved by the Board of Directors on 2 May 2022, meaning that the total number of shares in the company was multiplied by 10.

The spring season was busy time because of performing all the preparations required for the IPO and prospective listing, such as compiling the Prospectus and adapting company's practises to meet the requirements for a public company. The Board of Directors resolved on 9 June 2022 to carry out a public offering and file an application for listing of the shares to the First North Growth marketplace. The public offering was open between 13 to 27 June 2022, but unfortunately, due to an unsatisfactory amount of subscriptions, the Board of Directors decided to cancel the offering and take back the application for listing on 28 June 2022.

One of the company's project proposals at the US Department of Defense (DoD) got recommended for funding in the beginning of the summer. It triggered an intense period of grant negotiation and preparation which culminated in signing of the contract for a research grant of about 2.1 million dollars and launch of the project in September. The project aims at developing a urine testing prototype for detection of brain injury biomarkers, and its duration is 18 months. Receiving such a highly competed funding from a highly valued institution like the DoD is, for a second time at a short interval, is a big achievement and merit for the company.

The company has submitted project proposals and applications to various funding institutions, and the company is actively seeking both non-diluting funding as well as equity funding to enable future activities and to widen the scope of company's research and development activities.

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

	31.12.2022
Shares	20 968 220 kpl

All of the outstanding shares bestow their holders with equal rights to dividends and other distribution of the company's assets.

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Organization and funding arrangements

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:

3.1.2022 directed share issue	1000 shares	total 6 400,00
26.1.2022 directed share issue	5500 shares	total 35 200,00
14.3.2022 directed share issue	7500 shares	total 48 000,00

The Extraordinary General Meeting decided on 14 January 2022 to authorize the Board of Directors to decide on a free share issue, wherein nine new shares shall be issued to each share without payment.

On the basis of the authorization the Board of Directors has made the following decision of share issue:

2.5.2022 free share issue	17 222 247 shares	total 0,00
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The Extraordinary General Meeting decided on 14 January 2022 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 10 000 000 new shares.

On the basis of the authorization the Board of Directors has made the following decision of share issue:

9.6.2022 offering, the Board of Directors cancelled offering 28.6.2022.		
16.8.2022 directed share issue	136 250 shares	total 68 125,00
19.11.2022 directed share issue	17 000 shares	total 12 580,00

The holders of the Investment Options was notified of the commencement of the subscription right.

22.6.2022 subscribed shares	1 696 140 shares	total 16 961,40
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The Extraordinary General Meeting decided on 19 December 2022 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. Determining the subscription price and other terms and conditions shall be decided by the Board of Directors

The purpose of directed 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 Extraordinary General Meeting decided on 28 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

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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:

Issued and subscribed option rights:

3.1.2022 68 038 option rights

The extraordinary general meeting 19.12.2022 resolved to issue 420 000 option rights, that are granted as a part of an incentive scheme of the Board of Directors.

The extraordinary general meeting decided on 19.12.2022 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 900 000 new shares. The issue of option rights and the terms and conditions remain at the sole direction of the Board of Directors.

Statement of changes in equity

	31.12.2022	31.12.2021
Subscribed share capital 01.01	2 500,00	2 500,00
Increase during financial period	77 500,00	
Subscribed share capital 31.12	80 000,00	2 500,00
Restricted equity in total	80 000,00	2 500,00
Reserve for invested unrestricted equity 01.01	1 996 566,20	1 053 751,20
Transfer, subscribed capital	336 766,40	942 815,00
Transfer, subscribed share capital	-77 500,00	
Reserve for invested unrestricted equity 31.12	2 255 832,60	1 996 566,20
Increase in subscribed capital 01.01	168 480,00	44 209,60
Transfer, reserve for invested unrestricted equity	-344 166,40	-942 815,00
Increase during financial period	188 266,40	1 067 095,00
Correction		-9,60
Increase in subscribed capital 31.12	12 580,00	168 480,00
Other reserves in total	2 268 412,60	2 165 046,20
Retained earnings (loss) 01.01	-1 801 644,73	-1 057 243,91
Retained earnings (loss) 31.12	-1 801 644,73	-1 057 243,91

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Profit (loss) for the period	-452 672,69	-744 400,82
Unrestricted equity in total	14 095,18	363 401,47
EQUITY IN TOTAL	94 095,18	365 901,47

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

Other reserves	2 268 412,60
Retained earnings	-1 801 644,73
Profit/loss for the period	-452 672,69
Unrestricted equity in total	14 095,18
Distributable equity in total	14 095,18

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

Board of directors proposes that the loss of the financial year 452 672,69 euros would be transferred to retained earnings/loss.

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Balance sheet

	31.12.2022	31.12.2021
ASSETS		
Non-current assets		
Intangible assets	216 917,03	172 351,48
Intangible assets in total	216 917,03	172 351,48
Non-current assets in total	216 917,03	172 351,48
Current assets		
Receivables		
Current receivables		
Other receivables	9 600,00	6 973,01
Prepayments and accrued income	113 763,35	4 499,68
Current receivables in total	123 364,15	11 472,69
Receivables in total	123 364,15	11 472,69
Cash at bank and in hand	43 301,65	443 954,55
Current assets in total	166 665,80	455 427,24
ASSETS IN TOTAL	383 582,83	627 778,72

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	31.12.2022	31.12.2021
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital or other comparable assets	80 000,00	2 500,00
Other reserves	2 268 412,60	2 165 046,20
Reserve for invested non-restricted capital	2 268 412,60	2 165 046,20
Retained earnings gain or loss	-1 801 644,73	-1 057 243,91
Loss for the financial year	-452 672,69	-744 400,82
Equity in total	94 095,18	365 901,47
Liabilities		
Non-current liabilities		
Loans from credit institutions	112 700,00	115 142,00
Non-current liabilities in total	112 700,00	115 142,00
Current liabilities		
Loans from credit institutions	33 515,00	33 517,00
Accounts Payables	44 014,10	16 824,62
Other creditors	50 812,56	51 755,60
Accruals and deferred income	48 445,99	44 638,03
Current liabilities in total	176 787,65	146 735,25
Liabilities in total	289 487,65	261 877,25
EQUITY AND LIABILITIES IN TOTAL	383 582,83	627 778,72

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Income statement

	01.01.2021 – 31.12.2022	01.01.2020 – 31.12.2021
Other operating income	579 731,18	29 494,00
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-19 515,02	-27 909,19
External services	-51 170,50	-180 409,00
Raw materials and services in total	-70 685,52	-208 318,19
Personnel expenses		
Wages and salaries	-332 375,81	-318 566,03
Social security expenses	-43 300,60	-42 089,64
Pension expenses	-37 060,42	-33 901,87
Other social security expenses	-6 240,18	-8 187,77
Personnel expenses in total	-375 676,41	-360 655,67
Depreciation, amortisation and reduction in value		
Depreciation according to plan	-32 488,15	-24 782,78
Depreciation, amortisation and reduction in value in total	-32 488,15	-24 782,78
Other operating expenses	-542 494,85	-178 699,23
Operating profit/loss	-441 613,75	-742 961,87
Financial income and expenses		
Other interest and financial income		
From others	72,80	25,10
Interest and other financial expenses		
To others	-11 131,74	-1 464,05
Financial income and expenses in total	-11 058,94	-1 438,95
Loss before appropriations and taxes	-452 672,69	-744 400,82
Loss for the financial year	-452 672,69	-744 400,82

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.

Personnel

Average number of personnel

	31.12.2022	31.12.2021
Employees	7	7

Collaterals, commitments and off-balance sheet arrangements

Rental commitments 3 887,71 euros.

Signatures of the financial statements

Turku 24/2/2023

Place, date

Adrian Harel

Adrian Harel

Chairman of the Board

Mårten Kvist

Mårten Kvist

Member of the Board of Directors

Anna Tenstam

Anna Tenstam

Member of the Board of Directors

Auditor's Note

The auditor's report has been issued today.

Place, date

PricewaterhouseCoopers Oy, auditing company

Kalle Laaksonen, CPA

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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.