

PreDiagnose ApS

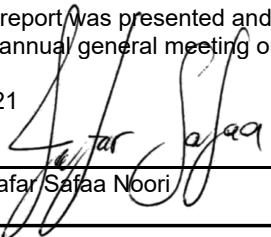
Snedkergangen 4D
2690 Karlslunde
Denmark

CVR no. 38 56 27 70

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting on

25 June 2021


Chairman Jafar Safaa Noori

Contents

Statement by the Executive Board	2
Auditor's report on the compilation of financial statements	3
Management's review	4
Company details	4
Operating review	5
Financial statements 1 January – 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes	10

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of PreDiagnose ApS for the financial year 1 January – 31 December 2020.

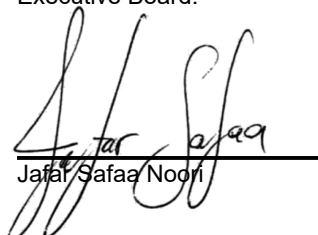
The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

I recommend that the annual report be approved at the annual general meeting.

Greve, 25 June 2021
Executive Board:



Jafar Safaa Noori

Management confirms that the Company fulfills the requirements to be exempt of audit.



Auditor's report on the compilation of financial statements

To the Management of PreDiagnose ApS

We have compiled the financial statements of PreDiagnose ApS for the financial year 1 January – 31 December 2020 based on the Company's bookkeeping records and other information provided by you.

The financial statements comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements*.

We have applied our professional expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with the independence and other ethical requirements of the IESBA Codes of Ethics, which is based on fundamental principles of integrity, objectivity, professional competence and due care.

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

Since 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 to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 25 June 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

PreDiagnose ApS
Annual report 2020
CVR no. 38 56 27 70

Management's review

Company details

PreDiagnose ApS
Snedkergangen 4D
2690 Karlslunde

CVR no.:	38 56 27 70
Established:	10 April 2017
Registered office:	Greve
Financial year:	1 January – 31 December

Executive Board

Jafar Safaa Noori

Management's review

Operating review

Principal activities

The Company's activities are developing diagnostic services for health care.

PreDiagnose ApS is a young and dynamic medtech startup that develops point-of-care diagnostic devices for diseases where early diagnosis makes a difference in the patient's life. We produce and sell a variety of diagnostic products that consist of disposable sensors operated by our app PreDiagnose Online, and a hardware device PreDiagnose Reader.

PreDiagnose has developed an innovative nanotechnology-based point-of-care bacterial detection platform for the diagnostics of specific infectious diseases. The versatility of the technology allows PreDiagnose to rapidly expand the sensor portfolio to other infectious microorganisms such as diagnostics of SARS-CoV-2. All the new tests will be added to the PreDiagnose Online portfolio that can be operated by the same PreDiagnose Reader.

The PreDiagnose Reader is already CE marked and the development of PreDiagnose Online and the sensors are expected to be fully developed early 2021. The company expects to launch the product as a BETA-version soon hereafter.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK 628,406 as against DKK 82,493 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 711,569 as against DKK 83,163 at 31 December 2019.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Environmental matters

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		765,974	109,019
Staff costs	2	-4,452	-5,684
Depreciation, amortisation and impairment losses		<u>-10,590</u>	<u>-22,314</u>
Profit before tax		750,932	81,021
Tax on profit for the year	3	<u>-122,526</u>	<u>1,472</u>
Profit for the year		<u>628,406</u>	<u>82,493</u>
Proposed profit appropriation			
Reserve for entrepreneurial Company		0	20,623
Reserve for development costs		504,392	57,536
Retained earnings		<u>124,014</u>	<u>4,334</u>
		<u>628,406</u>	<u>82,493</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets			
Development projects in progress		<u>951,329</u>	<u>304,673</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		<u>8,208</u>	<u>18,798</u>
Total fixed assets		<u>959,537</u>	<u>323,471</u>
Current assets			
Receivables			
Receivables from group entities		2,500	0
Other receivables		0	3,955
Corporation tax		<u>19,917</u>	<u>1,472</u>
		<u>22,417</u>	<u>5,427</u>
Cash at bank and in hand		<u>359,984</u>	<u>75,203</u>
Total current assets		<u>382,401</u>	<u>80,630</u>
TOTAL ASSETS		<u><u>1,341,938</u></u>	<u><u>404,101</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		40,000	670
Reserve for Entrepreneurial Company		0	20,623
Reserve for development costs		671,569	237,645
Retained earnings		0	-175,775
Total equity		<u>711,569</u>	<u>83,163</u>
Provisions			
Provisions for deferred tax		140,971	0
Total provisions		<u>140,971</u>	<u>0</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Other payables		124,398	7,851
Deferred income		360,000	313,087
Payables to shareholders and Management		5,000	0
		<u>489,398</u>	<u>320,938</u>
Total liabilities other than provisions		<u>489,398</u>	<u>320,938</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,341,938</u></u>	<u><u>404,101</u></u>
Contractual obligations, contingencies, etc.	4		
Related party disclosures	5		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Reserve for Entrepreneu- rial Company</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	670	20,623	237,645	-175,775	83,163
Cash capital increase	39,330	-20,623	-70,468	51,761	0
Transferred over the profit appropriation	<u>0</u>	<u>0</u>	<u>504,392</u>	<u>124,014</u>	<u>628,406</u>
Equity at 31 December 2020	<u><u>40,000</u></u>	<u><u>0</u></u>	<u><u>671,569</u></u>	<u><u>0</u></u>	<u><u>711,569</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of PreDiagnose ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs and costs for internally generated rights are recognised in the income statement in the acquisition year.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Cash at bank and cash equivalents

Cash and cash equivalents comprise cash.

Equity

Reserve for Entrepreneurial Company

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Provisions

Provisions comprise anticipated costs of #. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period of ## years. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

Financial statements 1 January – 31 December

Notes

DKK	<u>2020</u>	<u>2019</u>
2 Staff costs		
Wages and salaries	554,958	62,000
Other social security costs	4,452	6,694
Transferred to development projects	<u>-554,958</u>	<u>-63,010</u>
	<u>4,452</u>	<u>5,684</u>
Average number of full-time employees	<u>3</u>	<u>1</u>
3 Tax on profit for the year		
Current tax for the year	-18,445	0
Deferred tax for the year	<u>140,971</u>	<u>-1,472</u>
	<u>122,526</u>	<u>-1,472</u>

4 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

5 Related party disclosures

PreDiagnose ApS related parties comprise the following:

Control

FZA ApS, Snedkergangen 4D, 2690 Karlslunde.

FZA ApS holds the majority of the contributed capital in the Company.