

# Interim report 3Q of 2021.

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## The report contains:

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Letter from the President of the Management Board  
Selected financial data  
Report on the activities of the Management Board

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Characteristics of significant  
achievements influencing  
the quarterly results

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## The report contains:

Letter from the President  
of the Management Board.

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Kraków, November 3rd, 2021.

Dear Madams and Sirs,

The past three quarters of 2021 were a period of dynamic growth for our Company, both in our innovative technologies for the medical market, but also in the area of commercialization, particularly in foreign markets.

We signed our first overseas distribution agreements, covering the territories of France, Luxembourg and the United Kingdom. We also prepared the ground for expansion in the Brazilian market. As a result, we are pleased to inform you that we have hired a representative and distribution company in this market. How important Brazil is as a market for innovative medical products is shown by the following figures. It is the fifth most populous country in the world, with a population comparable to half of the entire European Union. Nearly 6,000 hospitals operate there, including four that are present on the prestigious list of the world's top 200 hospitals. Brazil is a rapidly growing healthcare market, investing in innovative technological solutions to enhance the safety, effectiveness and cost-effectiveness of treatments. The lack of a visible barrier on the part of medical facilities is what makes Brazil attractive to the technology solutions offered by MedApp.

I am also pleased to inform you that to date, more than **180 different procedures** have been performed in Poland and abroad using the CarnaLife Holo system, which has been used both in the process of planning surgeries and during the actual procedures. In addition, **23 clinics** already use our CarnaLife System platform. Starting November this year, our telemedicine platform will also support the care over cardiology patients at a facility in Bytom. In cooperation with TeleMed24, the center will have at its disposal the best solutions for big data analysis and artificial intelligence algorithms that we have developed so far in MedApp.

We are a technology company that offers innovative solutions dedicated to medicine, so we are particularly pleased that our technologies are appreciated by independent experts, which also proves the strength and competence of the MedApp team. We are proud that Google selected MedApp for its accelerator program as one of the top fifteen medtech startups in Europe. This is a clear signal that we are becoming more and more internationally recognized and we believe that the doors are open now. As the President of the Management Board, but also as a shareholder, I will do everything to make sure we take full advantage of this opportunity.

We are scaling our solutions in an ever-widening international environment, but we are also committed to positive results and building a healthy financial

foundation for further expansion. As a result, cumulatively after three quarters we recorded **PLN 9,145,304,000 net in sales revenues, PLN 5,336,453,000 in EBITDA and PLN 3,337,464,000 in net profit.**

In the third quarter alone, we recorded **PLN 3,672,870,000 in revenue, PLN 2,166,532,000 in EBITDA and PLN 1,499,140,000 in net profit.** Looking at the potential for future performance and given our continued investment in innovative product development, I am pleased to share the news that we have received confirmation of the preferential taxation opportunity known as IPBox. We started taking advantage of it in September this year.

On behalf of the entire MedApp team, I would like to thank our shareholders for their trust and support. Our goal is to continue to build shareholder value through our growth strategy of having our proprietary MedApp solutions in as many medical settings around the world as possible, with the goal of bringing health and wellbeing to more and more patients by providing them with access to innovative MedApp technologies.

I would also like to take this opportunity to thank our employees and partners for their efforts and contributions to the value of our company.

***Empowering people for better health***

**#MedApp**

Yours sincerely,

**Krzysztof Mędrala**  
CEO  
MedApp S.A.



## 1. Abbreviated quarterly financial statements.

For the period between 1 July 2021 and 30 September 2021.

All figures disclosed in these abbreviated financial statements are expressed in PLN (polish zloty).



## Balance sheet - assets

Specification	30.09.2021	30.09.2020
<b>A. NON-CURRENT ASSETS</b>	<b>10 879 579,07</b>	<b>7 232 714,00</b>
<b>I. Intangible fixed assets</b>	<b>9 426 405,30</b>	<b>5 624 648,07</b>
1. R&D expenses - completed R&D projects	4 960 752,27	849 238,80
2. Goodwill	4 465 653,03	4 775 409,27
3. Other intangible assets	-	-
4. Advance payments for intangible fixed assets	-	-
<b>II. Tangible fixed assets</b>	<b>25 284,48</b>	<b>38 875,59</b>
<b>1. Fixed assets</b>	<b>25 284,48</b>	<b>38 875,59</b>
a) land (including right to perpetual usufruct)	-	-
b) buildings, premises, civil and water engineering structures	17 326,66	19 906,66
c) technical equipment and machines	3 469,68	11 488,83
d) vehicles	-	-
e) other tangible fixed assets	4 488,14	7 480,10
2. Tangible fixed assets under construction	-	-
3. Advance payments for tangible fixed assets under construction	-	-
<b>III. Long-term receivables</b>	<b>-</b>	<b>-</b>
1. From related parties	-	-
2. From other entities	-	-
<b>IV. Long-term investments</b>	<b>785 587,00</b>	<b>785 587,00</b>
1. Real property	-	-
2. Intangible fixed assets	-	-
3. Long-term financial assets	785 587,00	785 587,00

## Balance sheet - assets

Specification	30.09.2021	30.09.2020
<b>a) in related parties</b>	-	-
- shares	-	-
- other securities	-	-
- loans granted	-	-
- other long-term financial assets	-	-
<b>b) in other entities, in which the company holds equity interests</b>	<b>785 587,00</b>	-
- shares	785 587,00	-
- other securities	-	-
- loans granted	-	-
- other long-term financial assets	-	-
<b>c) in other undertakings</b>	-	<b>785 587,00</b>
- shares	-	-
- other securities	-	785 587,00
- loans granted	-	-
- other long-term financial assets	-	-
<b>V. Long-term accruals</b>	<b>642 302,29</b>	<b>783 603,34</b>
<b>1. Deferred income tax assets</b>	<b>642 302,29</b>	<b>783 603,34</b>
<b>2. Other prepayments and accruals</b>	-	-
<b>B. CURRENT ASSETS</b>	<b>16 678 000,77</b>	<b>12 736 975,35</b>
<b>I. Inventory</b>	<b>41 912,92</b>	-
<b>1. Materials</b>	-	-

## Balance sheet - assets

Specification	30.09.2021	30.09.2020
<b>2. Semi-finished products and work in progress</b>	-	-
<b>3. Finished products</b>	-	-
<b>4. Traded goods</b>	36 430,92	-
<b>5. Advances towards deliveries</b>	5 482,00	-
<b>II. Short-term receivables</b>	<b>9 524 257,33</b>	<b>2 307 384,64</b>
<b>1. Receivables from related parties</b>	-	<b>1 251,08</b>
a) trade receivables maturing:	-	-
- up to 12 months	-	-
- above 12 months	-	-
b) other	-	1 251,08
<b>2. Receivables from other entities, in which the entity holds equity interest</b>	-	-
a) trade receivables maturing:	-	-
- up to 12 months	-	-
- above 12 months	-	-
<b>3. Receivables from other entities</b>	<b>9 524 257,33</b>	<b>2 306 133,56</b>
a) trade receivables maturing:	9 512 704,75	1 971 296,15
- up to 12 months	9 512 704,75	1 971 296,15
- above 12 months	-	-
b) relative to taxes, subsidies, customs duties, social and health insurance	22,00	167 073,29
c) other	11 530,58	167 764,12
d) receivables claimed in court	-	-

## Balance sheet - assets

Specification	30.09.2021	30.09.2020
<b>III. Short-term investments</b>	<b>231 666,23</b>	<b>1 484 716,23</b>
<b>1. Short-term financial assets</b>	<b>231 666,23</b>	<b>1 484 716,23</b>
<b>a) in related parties</b>	-	-
- shares	-	-
- other securities	-	-
- loans granted	-	-
- other short-term financial assets	-	-
<b>b) in other entities</b>	-	-
- shares	-	-
- other securities	-	-
- loans granted	-	-
- other short-term financial assets	-	-
<b>c) cash and other pecuniary assets</b>	<b>231 666,23</b>	<b>1 484 716,23</b>
- cash in hand and at bank	231 666,23	1 484 716,23
- other cash	-	-
- other financial assets	-	-
<b>2. Other short-term investments</b>	-	-
<b>IV. Short-term prepayments</b>	<b>6 880 164,29</b>	<b>8 944 874,48</b>
<b>C. Due contributions to share capital</b>		
<b>TOTAL ASSETS</b>	<b>27 557 579,84</b>	<b>19 969 689,35</b>



## Balance sheet - equity and liabilities

Specification	30.09.2021	30.09.2020
<b>A. SHAREHOLDERS' EQUITY</b>	<b>23 794 244,87</b>	<b>17 154 460,62</b>
I. Share capital	24 716 094,00	23 919 094,30
IV. Supplementary capital	1 332 630,60	1 065 566,26
share premium	-	1 065 566,26
V. Revaluation reserve	-	-
VI. Other reserve capital (funds)	287 126,40	772 000,00
VII. Previous years' profit (loss)	-5 779 070,51	-7 487 168,95
VIII. Net profit (loss)	3 237 464,38	-1 115 030,99
IX. Write-off on net profit during the financial year	-	-
<b>B. LIABILITIES AND PROVISIONS FOR LIABILITIES</b>	<b>3 763 334,97</b>	<b>2 815 228,73</b>
<b>I. Provisions for liabilities</b>	<b>835 367,35</b>	<b>13 300,00</b>
1. Provision for deferred income tax	-	-
2. Provision for retirement and similar benefits	145 445,38	-
- long-term	145 445,38	-
- short-term	-	-
3. Other provisions	689 921,97	13 300,00
- long-term	-	-
- short-term	689 921,97	13 300,00
<b>II. Long-term liabilities</b>	<b>-</b>	<b>-</b>
1. To related parties	-	-
2. To other entities	-	-
a) loans and borrowings	-	-

## Balance sheet - equity and liabilities

Specification	30.09.2021	30.09.2020
b) arising from issuance of debt securities	-	-
c) other financial liabilities	-	-
d) other	-	-
<b>III. Short-term liabilities</b>	<b>1 987 480,02</b>	<b>2 609 928,69</b>
<b>1. To related parties</b>	-	-
a) trade liabilities, maturing:	-	-
- up to 12 months	-	-
- above 12 months	-	-
b) other	-	-
<b>2. Liabilities to other entities, in which the company holds equity interests</b>	-	-
a) trade liabilities, maturing:	-	-
- up to 12 months	-	-
- above 12 months	-	-
Other	-	-
<b>3. To other entities</b>	<b>1 987 480,02</b>	<b>2 609 928,69</b>
a) loans and borrowings	405,48	405,48
b) arising from issuance of debt securities	-	-
c) other financial liabilities	-	-
<b>d) trade liabilities, maturing:</b>	<b>500 446,77</b>	<b>624 548,26</b>
- up to 12 months	500 446,77	624 548,26
- above 12 months	-	-
e) advances received for supplies	-	2 439,02

## Balance sheet - assets

Specification	30.09.2021	30.09.2020
f) promissory notes	-	-
g) arising from tax, customs, insurance and other	1 104 510,18	1 204 205,49
h) payroll liabilities	193 805,17	98 310,63
i) other	188 312,42	680 019,81
<b>4. Special funds</b>	-	-
<b>IV. Accruals and prepayments</b>	<b>940 487,60</b>	<b>192 000,04</b>
1. Negative goodwill	-	-
2. Other prepayments and accruals	940 487,60	192 000,04
- long-term	-	-
- short-term	940 487,60	192 000,04
<b>TOTAL LIABILITIES</b>	<b>27 557 579,84</b>	<b>19 969 689,35</b>

## Profit and loss account

Specification	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
<b>A. Net revenues from the sale of products, goods and materials, including:</b>	<b>9 145 304,60</b>	<b>1 204 280,47</b>	<b>3 672 870,81</b>	<b>949 091,65</b>
from related parties	-	-	-	-
I. Net revenues from sales of products	9 145 304,60	1 204 280,47	3 672 870,81	949 091,65
II. Net revenues from sales of goods and materials	-	-	-	-
<b>B. Costs of products, goods and materials sold, including:</b>	<b>73 995,00</b>	<b>-</b>	<b>-</b>	<b>-</b>
to related parties	-	-	-	-
I. Manufacturing cost of products sold	73 995,00	-	-	-
II. Value of goods and materials sold	-	-	-	-
<b>C. Profit (loss) on sales (A- B)</b>	<b>9 071 309,60</b>	<b>1 204 280,47</b>	<b>3 672 870,81</b>	<b>949 091,65</b>
<b>D. Selling costs</b>	<b>161 843,79</b>	<b>149 659,85</b>	<b>16 742,51</b>	<b>52 396,83</b>
<b>E. General administrative costs</b>	<b>5 407 355,58</b>	<b>1 905 658,84</b>	<b>2 410 669,74</b>	<b>774 662,80</b>
<b>F. Profit (loss) on sales (C-D-E)</b>	<b>3 502 110,23</b>	<b>-851 038,22</b>	<b>1 245 458,56</b>	<b>122 032,02</b>
<b>G. Other operating income</b>	<b>120 471,55</b>	<b>-</b>	<b>4 471,55</b>	<b>-</b>
<b>I. Gain on disposal of non-financial fixed assets</b>	<b>4 471,55</b>	<b>-</b>	<b>4 471,55</b>	<b>-</b>
II. Subsidies	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	116 000,00	-	-	-
<b>H. Other operating expenses</b>	<b>232 317,18</b>	<b>245 971,18</b>	<b>77 439,06</b>	<b>77 439,06</b>
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-

## Profit and loss account

Specification	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
III. Other operating expenses	232 317,18	245 971,18	77 439,06	77 439,06
<b>I. Profit (loss) on operating activities (F+G-H)</b>	<b>3 390 264,60</b>	<b>-1 097 009,40</b>	<b>1 172 491,05</b>	<b>44 592,96</b>
<b>J. Financial income</b>	-	455,88	-	455,88
I. Dividends and profit sharing, including:	-	-	-	-
a) From associates	-	-	-	-
in which the company holds equity interest	-	-	-	-
b) od jednostek pozostałych, w tym:	-	-	-	-
in which the company holds equity interest	-	-	-	-
II. Interest, including:	-	-	-	-
from related parties	-	-	-	-
III. Profit on sales of financial assets, including:	-	-	-	-
in related parties	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	-	455,88	-	455,88
<b>K. Financial expenses</b>	<b>33 963,22</b>	<b>2 692,55</b>	<b>10 167,04</b>	-
<b>I. Interest, including:</b>	<b>16 119,09</b>	<b>2 534,00</b>	<b>4 883,69</b>	-
from related parties	-	-	-	-
<b>II. Loss on sales of financial assets, including:</b>	-	<b>136,00</b>	-	-
from related parties	-	-	-	-
<b>III. Revaluation of investments</b>	-	-	-	-

## Profit and loss account

Specification	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
IV. Other	17 844,13	22,55	5 283,35	-
<b>L. Gross profit (loss) (I+J-K)</b>	<b>3 356 301,38</b>	<b>-1 099 246,07</b>	<b>1 162 324,01</b>	<b>45 048,84</b>
<b>M. Income tax</b>	<b>118 837,00</b>	<b>15 784,92</b>	<b>-236 816,00</b>	<b>-</b>
<b>N. Other statutory reductions in profit (increases in loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net profit (loss) (L-M-N)</b>	<b>3 237 464,38</b>	<b>-1 115 030,99</b>	<b>1 399 140,01</b>	<b>45 048,84</b>

## Cash flows

Indirect method	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
<b>A. Operating cash flows</b>				
<b>I. Net profit (loss)</b>	<b>3 237 464,38</b>	<b>-1 115 030,99</b>	<b>1 399 140,01</b>	<b>45 048,84</b>
<b>II. Total adjustments</b>	<b>-3 685 920,13</b>	<b>-500 715,49</b>	<b>-1 186 675,25</b>	<b>1 242 641,94</b>
1. Amortisation and depreciation	1 452 188,43	560 450,62	500 041,89	199 625,85
2. Foreign exchange gain (loss)	-	-	-	-
3. Interest and profit sharing (dividend)	-	-	-	-
4. Profit (loss) on investment activity	-	-	-	-136,00
5. Change in provisions	689 921,00	-	622 721,00	-
6. Change in inventories	56 346,08	-	42 347,08	-
7. Change in receivables	-4 028 064,28	755 814,04	-2 243 539,69	1 510 217,01
8. Change in short-term liabilities excluding credits and loans	377 132,42	-291 098,76	697 082,08	85 913,62
9. Changes in prepayments and accruals	-2 233 443,78	-1 525 881,39	-805 327,61	-552 978,54
10. Other adjustments	-	-	-	-
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>-448 455,75</b>	<b>-1 615 746,48</b>	<b>212 464,76</b>	<b>1 287 690,78</b>
<b>B. Cash flow from investing activities</b>				
<b>I. Proceeds</b>	-	-	-	-
1. Disposal of intangible and tangible fixed assets	-	-	-	-
2. Disposal of investments in real property and intangible fixed assets	-	-	-	-
3. From financial assets, of which:	-	-	-	-
a) in related parties	-	-	-	-

## Cash flows

Indirect method	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
b) in other entities	-	-	-	-
- sales of financial assets	-	-	-	-
dividends and profit sharing	-	-	-	-
repayment of granted long-term loans	-	-	-	-
interest	-	-	-	-
other inflows from financial assets	-	-	-	-
4. Other investment inflows	-	-	-	-
<b>II. Expenditures</b>	<b>134 015,42</b>	<b>26 780,50</b>	<b>60 714,61</b>	<b>18 269,91</b>
1. Acquisition of intangible fixed assets and tangible	134 015,42	26 780,50	60 714,61	18 269,91
fixed assets	-	-	-	-
2. Investments in real properties and intangible assets	-	-	-	-
3. For financial assets, of which:	-	-	-	-
a) held in related undertakings	-	-	-	-
b) in other entities	-	-	-	-
purchase of financial assets	-	-	-	-
long-term loans granted	-	-	-	-
4. Other capital expenditure	-	-	-	-
<b>III. Net cash flow from investing activities (I-II)</b>	<b>-134 015,42</b>	<b>-26 780,50</b>	<b>-60 714,61</b>	<b>-18 269,91</b>
<b>C. Cash flow from financing activities</b>				
<b>I. Proceeds</b>	<b>34 742,10</b>	<b>3 058 224,56</b>	-	-



## Cash flows

Indirect method	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
1. Net inflows from issue of shares and other equity instruments	34 742,10	2 528 224,56	-	-
and additional contributions to equity	-	-	-	-
2. Borrowings and loans and intangible fixed assets	-	-	-	-
3. Issue of debt securities	-	-	-	-
4. Other financial inflows	-	530 000,00	-	-
<b>II. Expenditures</b>	-	-	-	-
1. Purchase of own shares	-	-	-	-
2. Dividends and other payments to equity holders	-	-	-	-
3. Other outflows under distribution of profits than payments made to owners	-	-	-	-
4. Repayment of loans and borrowings	-	-	-	-
5. Redemption of debt securities	-	-	-	-
6. Payment of other financial liabilities	-	-	-	-
7. Payment of liabilities under finance lease agreements	-	-	-	-
8. Interest	-	-	-	-
9. Other financial expenditures	-	-	-	-
<b>III. Net cash flow from financing activities (I-II)</b>	<b>34 742,10</b>	<b>3 058 224,56</b>	-	-
<b>D. Total net cash flow (A.III+/-B. III+/-C.III)</b>	<b>-547 729,07</b>	<b>1 415 697,58</b>	<b>151 750,15</b>	<b>1 269 420,87</b>
<b>E. Balance sheet movement in cash, including:</b>	-547 729,07	1 415 697,58	151 750,15	1 269 420,87
Change in cash due to exchange differences	-	-	-	-
<b>F. CASH AT THE BEGINNING OF THE PERIOD</b>	<b>779 395,30</b>	<b>69 018,65</b>	<b>79 916,08</b>	<b>215 295,36</b>

## Cash flows

Indirect method	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
<b>G. Cash at end of period (F+/-D), including</b>	<b>231 666,23</b>	<b>1 484 716,23</b>	<b>231 666,23</b>	<b>1 484 716,23</b>
of limited disposability	67 145,54	-	67 145,54	-

## Statement of changes in equity

as at 30.09.2021

	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
<b>I. Opening balance of equity</b>	<b>20 556 780,50</b>	<b>16 231 767,05</b>	<b>22 395 104,86</b>	<b>17 109 411,78</b>
corrections of fundamental errors	-	-	-	-
la. Opening balance of equity after adjustments	20 556 780,50	16 231 767,05	22 395 104,86	17 109 411,78
<b>1. Opening balance of share capital</b>	<b>24 716 094,00</b>	<b>13 850 000,00</b>	<b>24 716 094,00</b>	<b>23 919 094,30</b>
1.1 Changes in share capital (fund)	-	10 069 094,30	-	-
a) increase (due to) issuance of shares	-	10 069 094,30	-	-
b) decrease (due to) redemption of shares (stocks)	-	-	-	-
1.2 Closing balance of share capital (fund)	24 716 094,00	23 919 094,30	24 716 094,00	23 919 094,30
<b>2. Called up share capital at the beginning of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Changes in called up share capital	-	-	-	-
a) increase (due to)	-	-	-	-
b) decrease (due to)	-	-	-	-
2.2 Closing balance of called-up share capital	-	-	-	-
<b>3. Opening balance of own shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) increase	-	-	-	-
b) decrease	-	-	-	-
3.1 Closing balance of own shares	-	-	-	-
<b>4. Opening balance of supplementary capital</b>	<b>1 179 417,59</b>	<b>-</b>	<b>1 332 630,60</b>	<b>1 065 566,26</b>
4.1 Changes in supplementary capital (fund)	-	-	-	-
a) increase (due to)	153 213,02	1 065 566,26	-	-
- share premium	-	1 065 566,26	-	-
- from distribution of profit (statutory)	153 213,02	-	-	-
- from profit distribution (above the required statutory minimum amount)	-	-	-	-
b) decrease (due to)	-	-	-	-
-loss coverage	-	-	-	-

## Statement of changes in equity

as at 30.09.2021

	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
4.2 Closing balance of supplementary capital (fund)	1 332 630,60	1 065 566,26	1 332 630,60	1 065 566,26
<b>5. Opening balance of revaluation reserve</b>	-	-	-	-
5.1 Changes in revaluation reserve (fund)	-	-	-	-
a) increase (due to)	-	-	-	-
b) decrease (due to)	-	-	-	-
- sales (disposal) of fixed assets	-	-	-	-
5.2 Closing balance of revaluation reserve	-	-	-	-
<b>6. Opening balance of other reserve capitals</b>	<b>287 126,40</b>	<b>9 868 936,00</b>	<b>287 126,40</b>	<b>772 000,00</b>
6.1 Changes in other reserve capitals (funds)	-	-	-	-
a) increase (due to)	-	772 000,00	-	-
b) decrease (due to)	-	9 868 936,00	-	-
6.2 Closing balance of other reserve capitals (funds)	287 126,40	772 000,00	287 126,40	772 000,00
<b>7. Profit (loss) brought forward at the beginning of period</b>	<b>- 7 541 020,28</b>	<b>- 8 160 310,49</b>	<b>- 5 779 070,51</b>	<b>- 7 487 168,95</b>
7.1 Opening balance profit brought forward	-	-	-	-
- corrections of fundamental errors	-	-	-	-
7.2 Opening balance of profit brought forward, after adjustments	-	-	-	-
a) increase (due to)	-	-	-	-
- distribution of retained profit	-	-	-	-
b) decrease (due to)	1 915 162,79	-	-	-
- transfer of profit to cover previous years' losses	1 761 949,77	-	-	-
- transfer due to establishment of supplementary capital as per CCC	153 213,02	-	-	-
7.3 Closing balance of previous years' profit	-	-	-	-
7.4 Opening balance of previous years' loss	- 7 541 020,28	- 8 160 310,49	- 5 779 070,51	- 7 487 168,95
- corrections of fundamental errors	-	-	-	-
7.5 Opening balance of previous years' loss, after corrections	- 7 541 020,28	- 8 160 310,49	- 5 779 070,51	- 7 487 168,95

## Statement of changes in equity

as at 30.09.2021

	01.01 30.09.2021	01.01 30.09.2020	01.07 30.09.2021	01.07 30.09.2020
a) increase (due to)	-	-	-	-
- retained loss brought forward for covering	-	-	-	-
b) decrease (due to)	1 761 949,77	673 141,54	-	-
- transfer of 2020 profit	1 761 949,77	-	-	-
7.6 Closing balance of previous years' loss	- 5 779 070,51	- 7 487 168,95	- 5 779 070,51	- 7 487 168,95
7.7 Profit (loss) from previous years at the end of the period	- 5 779 070,51	- 7 487 168,95	- 5 779 070,51	- 7 487 168,95
<b>8. Net profit/loss</b>	<b>3 237 464,38</b>	<b>- 1 115 030,99</b>	<b>1 399 140,01</b>	<b>45 048,84</b>
a) net profit	3 237 464,38	-	1 399 140,01	45 048,84
b) net loss	-	1 115 030,99	-	-
c) appropriations from profit	-	-	-	-
<b>II. Closing balance of equity</b>	<b>23 794 244,87</b>	<b>17 154 460,62</b>	<b>23 794 244,87</b>	<b>17 154 460,62</b>
<b>III. Equity including proposed profit distribution (loss coverage)</b>				

## 2. Information on the principles adopted in drafting the report, including information on changes in the applied accounting principles (policy).

The financial report of MedApp S.A. for the second quarter of 2021 was not audited or reviewed by an entity authorized to audit financial statements. The quarterly report was prepared pursuant to provisions of: Appendix no. 3 to the Alternative Trading System Rules "Information current and periodical information provided in the alternative trading system on the NewConnect market"; Laws accounting Act of 29 September 1994 (consolidated text of Laws No 152, item 1223 of 2009), as amended and Appendix No. 1 to this Act "Scope of information to be disclosed in the financial statements referred to in section 45 of the Act for entities other than banks, insurance and reinsurance undertakings".

In the data for the year 2020 there was a change in the accounting principles (policy) regarding the presentation of shares of the Company OZE Capital S.A. In accordance with the National Accounting Standard No 7 "Changes in accounting principles (policy), estimated values, correction of errors, events after the balance sheet date – recognition and presentation". A change in accounting policy shall be accounted for using a full retrospective approach. In connection with the approval of the 2020 financial statements on June 29, 2021, the Company will restate the comparative figures in the 2021 financial statements.

The Company's financial year is the calendar year divided into reporting periods corresponding to the individual months of the financial year. Among the optional asset valuation methods and liabilities and to determine the financial result, the methods presented in the accounting policy are applied applicable to the Company. The profit and loss account is prepared on a comparative basis. Account cash flow is prepared using the indirect method. The reporting currency is the Polish zloty. The condensed financial statements cover the period from July 1, 2021 to September 30, 2021 and comparative figures for the period 1 July 2020 to 30 September 2020. Data were also presented cumulative data for the period from 1 January 2021 to 30 September 2021 and comparative data period from January 1, 2020 to September 30, 2020.

## 3. Comments of the Issuer's Management Board on the implementation of financial forecasts.

The Management Board of MedApp S.A. declares that the Company published no financial forecasts for 2021.



#### 4. Issuer's comment on circumstances and events of significance affecting operations the Issuer, its situation financial performance and results achieved in a given quarter.

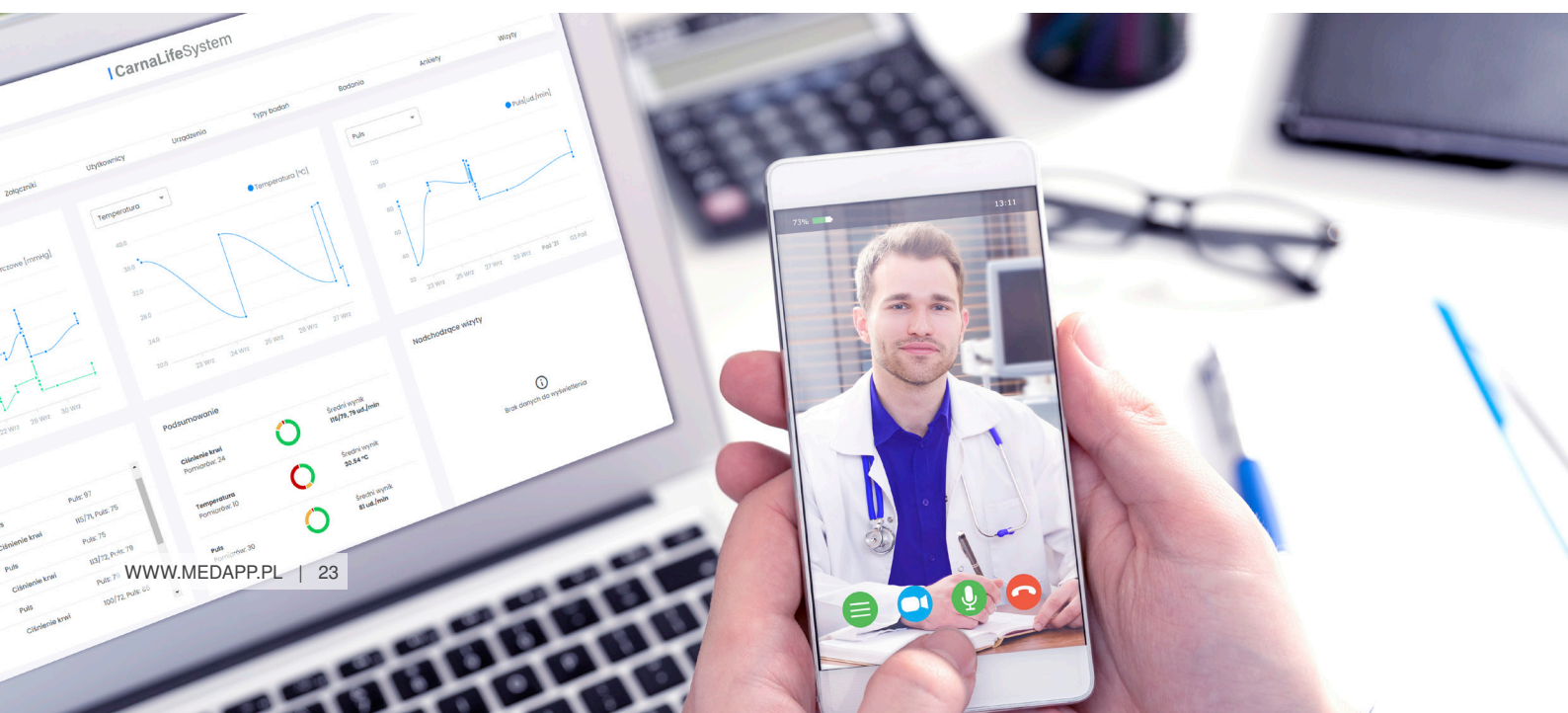
The strongest influence on the Issuer's operations, its financial position and the results achieved in the reporting period was the increase in sales of innovative solutions offered by the Company. This was the result of pro-sales activities undertaken by the Issuer, including entering into distribution agreements to expand markets and sales channels, conducting presentations, training and demonstration sessions, as well as initiating a number of trade talks. Despite investing in product and market development, the Issuer has demonstrated very high growth in profits generated as a result of its rational cost policy.

This September, the company started to take advantage of the corporate income tax (CIT) relief for research and development at the rate of 5% (the so-called IP BOX), which in addition to the increase in sales has had a positive impact on the reported net profit. At the same time, it should be pointed out that the value of receivables increased significantly in Q3 of 2021, which is mainly due to the dynamic growth of the Issuer's business.

The Issuer's business activities in the reporting period focused on two main products aimed at the medical (medtech) market - CarnaLife Holo and CarnaLife System.

**CarnaLife Holo** is a certified innovative technology that supports the planning and execution of complex medical procedures. With the help of Microsoft's HoloLens 2 goggles, the doctor sees in real 3D space a hologram that reflects the imaged anatomical area. The physician is free to interact with the displayed hologram. CarnaLife Holo is currently used in dozens of medical centers in Poland and around the world, and the number of medical procedures performed with it has already exceeded 180. In addition, the CarnaLife Holo technology is widely used in pre-operative planning to support the diagnostic and treatment planning process.

**CarnaLife System** is an advanced telemedicine platform that allows a physician to assess and monitor the health of their patients and conduct consultations at any time of the day and at any place. The system is supported by more than 20 remote measurement devices. Examination results are analyzed 24/7 using artificial intelligence (AI) algorithms and Big Data analytics. The system has been implemented in 23 medical facilities to date. On the basis of this solution, the Digital Clinic was created, which is a product aimed directly at patients and individual users.



**5. Description of the progress of Issuer’s activities and investments and their implementation schedule (if the issuer’s information document contained the information referred to in § 10 item 13a) of Schedule No. 1 to the Alternative Trading System Rules).**

Not applicable.

**6. Information on the Issuer’s business development activities during the reporting period.**

Highlights of the first three quarters of 2021 include:

- start of pro-sales activities in new foreign markets based on agreements with distributors in countries such as: United Kingdom, France and Luxembourg. Additionally, an agreement with a distributor in Brazil was announced in October, as well as the hiring of a local sales representative to coordinate operations in Brazil. It is the largest and one of the fastest growing markets in South America with a lot of potential

- the fifth largest country in the world with a population of over 216 million and about 6,000 hospitals, of which four are on the list of the world’s top 200 facilities. This market is already characterized by relatively high sales of innovative and technologically advanced medical solutions, such as those offered by Medapp S.A.

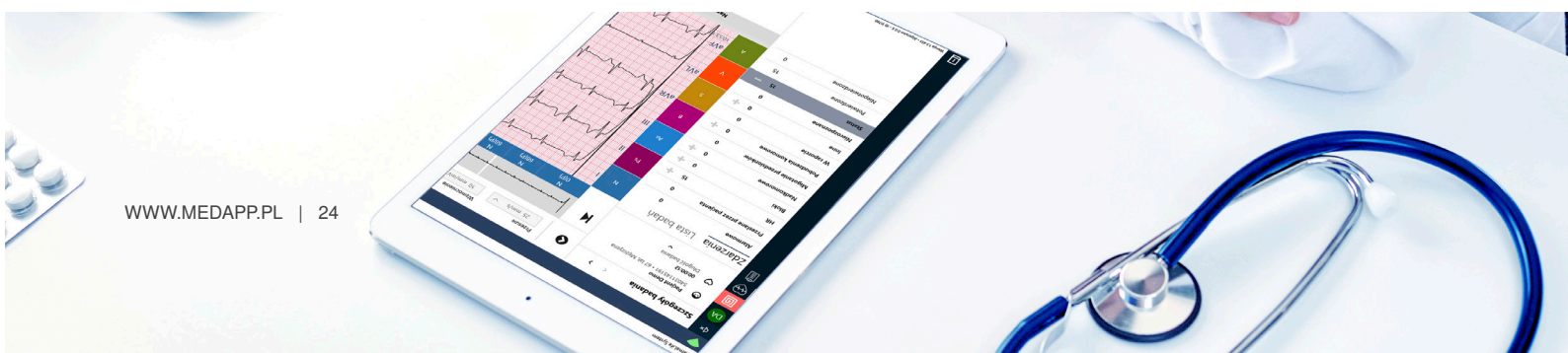
- Continuation of works to commence the sales in the United States, i.e. the largest and most developed medical market in the world, which in the opinion of the Issuer’s Management Board also holds the largest sales potential for the Issuer’s products. During the past quarter, the Company actively used the support of Parexel, a professional CRO provider, to meet its next milestones in obtaining FDA certification in the most efficient manner possible. The company completed the documentation and checked it for form and substance. The potential need for additional external procedures, such as usability testing on a group of physicians, was also reviewed. The Issuer remains in talks with the FDA and currently anticipates receiving certification for the U.S. market in late 2022.

- Expanding sales channels in Poland by way of distribution agreement with Medical Idea
- Expanding the list of partners by adding: Google, Microsoft (Mixed Reality Partner) and Medcover
- Expanding features of the technologies by adding, among others:

**| CarnaLifeSystem**

The Issuer, in collaboration with Microsoft, has expanded the functionality of the CarnaLife System platform by enabling patients and medical staff to use the Microsoft Teams application, which has been integrated with CarnaLife System.

There are already 23 clinics using the CarnaLife System solution. It is worth noting that the Company entered into a cooperation agreement for the use of the CarnaLife System application enabling remote monitoring for patients of TeleMed24 Operations and Support Center.





### I CarnaLifeHolo

The greatest effects of the development work include the introduction of new modules for use in the following medical specialties: cardiology, interventional cardiology, interventional radiology, oncological surgery, laryngology and orthopedics. As a result, at the end of Q3 of 2021 and as of the date of this Report, the CarnaLife Holo solution enables 3D visualization to support the work of physicians in as many as seven medical specialties.

Innovation, efficiency and effectiveness of the CarnaLife Holo solution, confirmed so far in numerous procedures, has already allowed the Issuer to cooperate with dozens of medical facilities in Poland and abroad. More than 180 medical procedures have already been performed using CarnaLife Holo. Among the medical procedures using the Issuer's proprietary solution, the following are the most significant:

- Remote surgery in Sofia (Bulgaria), as part of cooperation of the Independent Public University Hospital No. 1 in Lublin with an institution in Bulgaria. The procedure took place in the operating room of a hospital in Sofia, and the patient was a 61-year-old man with an abdominal aortic aneurysm of the diameter of 5.5 cm, who had already required other surgical interventions in the past. Prof. Tomasz Zubilewicz, head of the Department of Vascular Surgery and Angiology at the IPUH1, said that specialists from Lublin were the first in Poland and among the first in the world to participate in a remote international surgery thanks to advanced visualization techniques using a hologram. In the Issuer's opinion, the performance of the discussed procedure, which demonstrates the capabilities of the solution, significantly increases the value of CarnaLife Holo on the global market.



- An elaborate hybrid surgical intervention of complex aortic dissection performed by an international team of cardiologists and surgeons at the Ukrainian-Polish Heart Center in Lviv. CarnaLife Holo supported multidisciplinary evaluation of the patient's organs and decision-making in this complex medical procedure. The system played a key role in determining the final management strategy (among other things, surgical branching and reimplantation of the supra-aortic vessels proved necessary, followed by transcatheter TEVAR - Thoracic Endovascular Aortic Repair - with aortic stent graft implantation). The Issuer believes that performing such a complex procedure significantly increases the value of CarnaLife Holo in the global market.

The Issuer points to the receipt of a number of awards, distinctions and invitations to present its innovative solutions, which illustrates the appreciation of MedApp S.A. technology by independent experts. In particular, the Issuer indicates the following events:

- participation of the Issuer in the Google for Startups program as one of the top fifteen medtech startups in Europe, and the inclusion of the Issuer in the Google accelerator program



- MedApp being one of the three companies to reach the finals of the Start-up Challenge 2021 in the category Health and Biotechnology during the European Economic Congress in



- MedApp's distinction as a participant in the Living Lab program for developers of innovative digital services and solutions



- distinction of the Polish Agency for Enterprise Development (October this year) - Polish Innovation Award 2020/2021 in the category of medical technology and improvement of treatment quality.



The Issuer also points to scientific and industry (medical) publications that relate to the Company's solutions. The work of Dr. Ryszard Wierzbicki and co-authors [1] should be mentioned here. They indicated that the use of minimally invasive surgical techniques (Nano-Knife, IRA, microwave ablation) along with CarnaLife Holo resulted in a reduction of the time required for the surgical procedure by one-third, compared to a conventional procedure for advanced liver and/or pancreatic cancer without the use of CarnaLife Holo. The conclusion of the authors of the publication is consistent with the feedback received by the Company from other users of the CarnaLife Holo system and confirms the medical value of the original solution of MedApp S.A. In the opinion of the Issuer's Management Board, this publication confirms the medical as well as the economic value of the Issuer's product for medical institutions.

Case studies are available at: <https://medapp.pl/case-studies/>

[1] Wierzbicki, Ryszard, et al. "3D mixed-reality visualization of medical imaging data as a supporting tool for innovative, minimally invasive surgery for gastrointestinal tumors and systemic treatment as a new path in personalized treatment of advanced cancer diseases." *Journal of Cancer Research and Clinical Oncology* (2021): 1-7.

## 7. Reasons for which consolidated financial statements are not prepared.

Not required.

**8. Information on Issuer’s shareholding structure along with the list of shareholders with at least 5% of votes at the General Meeting, as at the date of drafting of this report.**

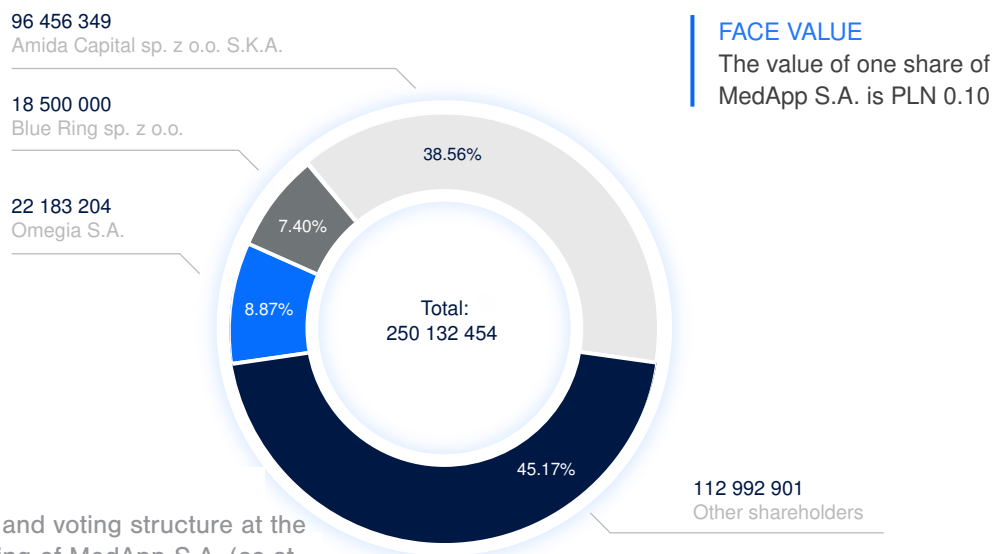


Table 1  
Shareholding and voting structure at the General Meeting of MedApp S.A. (as at 02.11.2021)

Shareholder	Number of shares held	Equity interest	Number of votes held	Share of voting rights
<b>Amida Capital Spółka z ograniczoną odpowiedzialnością S.K.A.</b>	96 456 349	38.56%	96 456 349	38.56%
<b>Omega Spółka Akcyjna</b>	22 183 204	8.87%	22 183 204	8.87%
<b>Blue Ring Sp. z o.o.</b>	18 500 000	7.40%	18 500 000	7.40%
<b>Other shareholders</b>	112 992 901	45.17%	112 992 901	45.17%
<b>TOTAL</b>	<b>250 132 454</b>	<b>100%</b>	<b>250 132 454</b>	<b>100%</b>

**9. Information on Issuer’s FTE employees.**

At the end of the reporting period, the Company employed 41 FTE employees.

#### MANAGEMENT BOARD

Management Board of the Company during the period for which the report is prepared:

##### **Krzysztof Mędrala**

President of the Management Board

#### SUPERVISORY BOARD

During the reporting period, the following persons were member of the Company's Supervisory Board:

**Błażej Wasielewski** – Chairperson of the Supervisory Board

**Bogusław Bodzioch** – Member of the Supervisory Board

**Wiktoria Guzik** – Member of the Supervisory Board

**Ewelina Rytter** – Member of the Supervisory Board

**Grzegorz Wrona** – Member of the Supervisory Board

**Włodzimierz Kubiak** – Member of the Supervisory Board

## MedApp Spółka Akcyjna

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CRACOW, 2 NOVEMBER 2021



2021

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