

**Eevia Health Oy**  
**FINANCIAL STATEMENT**  
**1.1. - 31.12.2019**

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Eevia Health Oy  
Business ID 2825194-4  
Domicile: Seinäjoki, Finland

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# Eevia Health Oy

## Table of contents

1.1. - 31.12.2019

|                              | Pages |
|------------------------------|-------|
| Income statement             | 1     |
| Balance sheet                | 2-3   |
| Notes to financial statement | 4-7   |

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| INCOME STATEMENT                              | (In Euros) | 1.1. - 31.12.2019      | 1.1.- 31.12.2018       |
|-----------------------------------------------|------------|------------------------|------------------------|
| TURNOVER                                      |            | 1 404 387              | 1 321 080              |
| Changes in inventories Finished goods and WIP |            | 50 899                 | 4 884                  |
| Other income                                  |            | 64 800                 | 45 500                 |
| Raw materials and services                    |            |                        |                        |
| Raw materials and goods                       |            |                        |                        |
| Purchases during the year                     |            | -722 631               | -838 451               |
| Changes in inventory                          |            | 14 962                 | -39 631                |
| External services                             |            | -184 028               | -180 068               |
| Raw Materials and services total              |            | <u>-891 697</u>        | <u>-1 058 149</u>      |
| Staff expenses                                |            |                        |                        |
| Wages and salaries                            |            | -302 179               | -417 945               |
| Pension costs                                 |            | -71 628                | -85 759                |
| Other personnel expenses                      |            | -12 076                | -11 817                |
| Staff expenses total                          |            | <u>-385 883</u>        | <u>-515 521</u>        |
| Depreciation                                  |            |                        |                        |
| Depreciation                                  |            | -114 044               | -148 697               |
| Depreciation total                            |            | <u>-114 044</u>        | <u>-148 697</u>        |
| Other operating expenses                      |            | <u>-497 337</u>        | <u>-461 859</u>        |
| OPERATING PROFIT (LOSS)                       |            | -368 874               | -812 753               |
| Financial income and expenses                 |            |                        |                        |
| Other interest and financial income           |            | 0                      | 0                      |
| Interest and other financial expenses         |            | -38 414                | -22 068                |
| Financial income and expenses total           |            | <u>-38 414</u>         | <u>-22 068</u>         |
| PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS      |            | -407 288               | -834 821               |
| PROFIT (LOSS) FOR THE FINANCIAL YEAR          |            | <u><u>-407 288</u></u> | <u><u>-834 821</u></u> |

| <b>BALANCE SHEET</b>                 | <b>Assets</b>                                 | <b>(In Euros)</b> | <b>31.12.2019</b>       | <b>31.12.2018</b>     |
|--------------------------------------|-----------------------------------------------|-------------------|-------------------------|-----------------------|
| <b>NON-CURRENT ASSETS</b>            |                                               |                   |                         |                       |
| Intangible Assets                    |                                               |                   |                         |                       |
|                                      | Development expenditure                       |                   | 173 877                 | 181 894               |
|                                      | Intangible rights                             |                   | 49 105                  | 0                     |
|                                      | Other Long-term Expense Items                 |                   | 91 244                  | 0                     |
|                                      | Prepayments                                   |                   | 4 666                   | 0                     |
|                                      | Summary of Intangible Assets                  |                   | <u>318 892</u>          | <u>181 894</u>        |
| Tangible Assets                      |                                               |                   |                         |                       |
|                                      | Machines and equipment                        |                   | 403 026                 | 315 322               |
|                                      | Advance payments and construction in progress |                   | 44 598                  | 0                     |
|                                      | Summary of Tangible Assets                    |                   | <u>447 623</u>          | <u>315 322</u>        |
| <b>SUMMARY OF NON-CURRENT ASSETS</b> |                                               |                   | <b>766 515</b>          | <b>497 216</b>        |
| <b>CURRENT ASSETS</b>                |                                               |                   |                         |                       |
| Inventories                          |                                               |                   |                         |                       |
|                                      | Raw materials and consumables                 |                   | 84 706                  | 69 745                |
|                                      | Work in progress                              |                   | 64 341                  | 6 026                 |
|                                      | Finished Goods                                |                   | 160 649                 | 168 064               |
|                                      | Prepayments                                   |                   | 5 171                   | 12                    |
|                                      | Summary of Inventories                        |                   | <u>314 866</u>          | <u>243 847</u>        |
| Long-term Debtors                    |                                               |                   |                         |                       |
|                                      | Other receivables                             |                   | 28 314                  | 30 775                |
|                                      | Summary of Long-term Debtors                  |                   | <u>28 314</u>           | <u>30 775</u>         |
| Short-term Debtors                   |                                               |                   |                         |                       |
|                                      | Accounts Receivable                           |                   | 128 193                 | 68 124                |
|                                      | Other receivables                             |                   | 51 990                  | 8 804                 |
|                                      | Accruals                                      |                   | 28 558                  | 4 533                 |
|                                      | Summary of Short-term Debtors                 |                   | <u>208 741</u>          | <u>81 461</u>         |
|                                      | Cash and cash equivalents                     |                   | <u>584 496</u>          | <u>108 994</u>        |
| <b>SUMMARY OF CURRENT ASSETS</b>     |                                               |                   | <b>1 136 416</b>        | <b>465 076</b>        |
| <b>SUMMARY OF ASSETS</b>             |                                               |                   | <b><u>1 902 932</u></b> | <b><u>962 292</u></b> |

| <b>BALANCE SHEET</b>                       | <b>Equity and liabilities</b> | <b>(In Euros)</b> | <b>31.12.2019</b> | <b>31.12.2018</b> |
|--------------------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| <b>EQUITY</b>                              |                               |                   |                   |                   |
| Share capital                              |                               |                   | 10 000            | 10 000            |
| Reserve for invested non-restricted equity |                               |                   | 3 167 142         | 1 525 572         |
| Retained profit / loss                     |                               |                   | -1 315 187        | -480 367          |
| Profit / Loss for the financial year       |                               |                   | -407 287          | -834 821          |
| <b>SUMMARY OF SHAREHOLDERS EQUITY</b>      |                               |                   | <b>1 454 667</b>  | <b>220 385</b>    |
| <b>LIABILITIES</b>                         |                               |                   |                   |                   |
| <b>Short-term liabilities</b>              |                               |                   |                   |                   |
| Loans from credit institutions             |                               |                   | 0                 | 0                 |
| Advances received                          |                               |                   | 1 680             | 44 749            |
| Accounts payables                          |                               |                   | 333 683           | 417 914           |
| Short term debts                           |                               |                   | 0                 | 210 118           |
| Other liabilities                          |                               |                   | 47 984            | 11 227            |
| Accruals                                   |                               |                   | 64 917            | 57 899            |
| <b>Summary of Short-term liabilities</b>   |                               |                   | <b>448 265</b>    | <b>741 907</b>    |
| <b>SUMMARY OF LIABILITIES</b>              |                               |                   | <b>448 265</b>    | <b>741 907</b>    |
| <b>SUMMARY OF EQUITY AND LIABILITIES</b>   |                               |                   | <b>1 902 932</b>  | <b>962 292</b>    |

**Notes for the most significant risks and uncertainty factors**Development expenditure

On the balance sheet, there is documented development expenditure, of which the amount in the financial statement is 173 877 euros on 31 December 2019. From that amount, 165 247 euros relates to the new product Retinari™ (formerly Feno-Pine TM). The product is planned for launch to the market in 2021. There are significant risks associated with the success of launching and selling the product, revenue, and the profit earning capacity of the investment. The rest, 8 630 euros of documented development expenditure on the balance sheet, are related to the development of bilberry extract products.

Eevia Health Oy manufactures very advanced extracts from natural plant materials, and some of these need yet more research and development actions to have optimal profitability. There is no guarantee the company can solve all the product development related challenges or that it has a certainty of funding those actions.

Eevia Health Oy has highly ambitious plans. Its mission is *“to address important health problems with organic and sustainable bioactive extracts from arctic plant material.”* Its vision is *“to market important preventive products, which lowers the risk of Age-related Macular Degeneration (AMD) and Alzheimer’s in the early stage and in general.”* The goals are extraordinarily arduous and will need an innovative and high-level performance in the commercial stage. Therefore, the company aims to start significant research and development actions only if non-dilutive funding is granted. The result of these actions is uncertain.

The financial situation and the need for funding

The working capital, own capital, and reserves are positive. The owners are committed to the company, and some new capital has recently been ensured. There are significant risks related to selling the company products in the future. Although the sales have increased significantly, some of the forecasted sales for 2020 have not been verified contractually. There is no guarantee the sales forecast will materialize as planned. In case the sales forecasts do not materialize as planned, it might cause particular uncertainty that comes to the sufficiency of the financing, which might give significant reasons to question the company’s ability to continue its actions.

After the financial statement of the year 2019, the Corona pandemic has spread in the world. The impacts on the company are not as severe as of today. The company continues its operations as usual for now. However, the Corona pandemic increases the uncertainty of what comes to the customers’ decisions of launching and selling new products. Due to this, uncertainty factors to the company’s sales forecast will increase. For that reason, the company has started actions to ensure positive cash flow. The company is expecting that the impacts on the turnover, which the Corona pandemic creates, are controllable. The company’s management team has a risk plan ready.

The dependence of the key persons

The company’s management team consists of four persons. Additionally, there are two mid-level managers and four experienced operators in the company. Thus, almost all the workers are vital persons, and there are significant risks related to the company’s personnel and management team. Sudden death, major health problems, or the lack of motivation of any key person would create practical challenges.

**The principles of the preparation of the financial statement****Amounts owed, investments and the valuation principle of the bonds**

The amounts owed, investments, and the other financial assets, as well as the receivables, are assessed by Finnish law, KPL 5 chapter 2 §.

**Purchase cost and depreciation of non-current assets**

Development expenditure has a 5-year straight-line depreciation period. Machinery and equipment of the production have a 7-year straight-line depreciation period.

When comparing the information of the accounting period and the previous accounting period, it has to be noted that the depreciation period of the machinery and equipment has had been at maximum rates during the previous accounting period.

Intangible rights and the other capitalized long-term expenses have increased in the end of the accounting period. The depreciation of these assets will start in the beginning of the next accounting period.

**Personnel**

During the accounting period, there have been eight people employed, while several persons have been hired through third party companies.

**Changes in capital and reserves**

| Capital and reserves                              |        | 2019             | 2018           |
|---------------------------------------------------|--------|------------------|----------------|
| <i>Tied equity capital</i>                        |        |                  |                |
| Share capital                                     | 01.01. | 10 000           | 10 000         |
| Share capital                                     |        | 0                | 0              |
| Share capital                                     | 31.12. | 10 000           | 10 000         |
| <b><i>Restricted equity capital in total</i></b>  |        | <b>10 000</b>    | <b>10 000</b>  |
| <i>Untied equity capital</i>                      |        |                  |                |
| Reserve for invested non-restricted equity        | 01.01. | 1 525 572        | 840 000        |
| Increase                                          |        | 1 641 570        | 685 572        |
| Reserve for invested non-restricted equity        | 31.12. | 3 167 142        | 1 525 572      |
| Retained earnings (loss)                          | 01.01. | -480 367         | -480 367       |
| Transfer of the profit (loss) for the fiscal year |        | -834 821         | 0,00           |
| Retained earnings (loss)                          | 31.12. | -1 315 187       | -480 367       |
| Profit (loss) for the fiscal year                 |        | -407 288         | -834 821       |
| <b><i>Untied equity capital in total</i></b>      |        | <b>1 444 667</b> | <b>210 385</b> |
| <b>Capital and reserves in total</b>              |        | <b>1 454 667</b> | <b>220 385</b> |

Eevia Health Oy

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ATTACHMENT

31.12.2019

**The distributable non-restricted equity capital**

|                                           |                  |               |
|-------------------------------------------|------------------|---------------|
| Reserve for invested unrestricted capital | 3 167 142        | 1 525 572     |
| Retained earnings gain or loss            | -1 315 187       | -480 367      |
| Profit (loss) for the fiscal year         | -407 288         | -834 821      |
| Activated development expenses            | -173 877         | -181 894      |
| <b>Distributable assets in total</b>      | <b>1 270 790</b> | <b>28 491</b> |

**Issued shares**

By the unanimous decision of the shareholders on 17 July 2019, it was decided to give 1000 new no-par value stocks for free to the current shareholder, so that total at this date was 11.000 shares.

By the unanimous decision of the shareholders on 1 December 2019, it was decided to float 913 new shares, which had the subscription price of 220,50 euro per share, and in another share issue 4 900 new shares, which had the subscription price of 245,00 euro per share. The share issue was directed to a limited group of private investors, family offices, and investment companies. Directing the share issue had a weighty financial reason according to the corporation law 9<sup>th</sup> chapter, 4§ section 1, as the company got the needed working capital.

The shares were subscribed and paid on 5 December 2019. The subscription price was altogether 1 401 816 euros, which was booked into the reserve for invested non-restricted equity.

The board has confirmed the share issues in the meeting on 11 December 2019. The shares have been filed for registration with authorities.

Additionally, the board meeting on 26 July 2019 decided to accept the investment from its shareholders of the amount of 239 753 euros into the reserve for invested non-restricted equity. With this investment, the liabilities to shareholders were converted to equity without the issuance of new shares.

**The shares of the company**

The amount of shares 16 813

**The proposal by the board of using the distributable non-restricted equity capital**

The Board suggests the distributable non-restricted equity capital of 1 270 790 euros, will be used according to the following:

The board suggests dividend or other reserves will not be shared.

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