

2020 Annual report.

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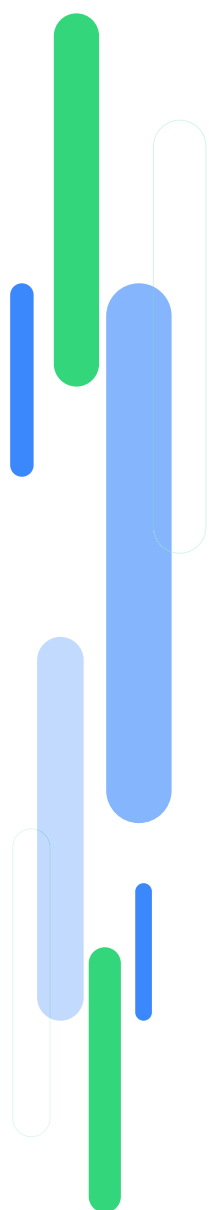
The report contains:

Letter from the President of
the Management Board

Selected
financial data

Report on the activities of the
Management Board

Information on the application
of the Good Practices



Report contains:

p. **04**

Cover letter of the President of
the Management Board.

p. **05**

Selected financial data

p. **08**

Report on the activities of the
Management Board

p. **22**

Information on application of
Best Practices



Cover letter of the President of the Board

p. **04**

Cover letter of the President of
the Management Board.

p. **08**

Report on the activities of the
Management Board

p. **05**

Selected financial data

p. **22**

Information on application of Best
Practices

Kraków, 22 March 2021

Ladies and Gentlemen, we present the annual financial report of MedApp S.A., which summarizes our operational and financial activities in 2020.

The past year has been an extremely challenging time. The pandemic has forced the entire medical sector to accelerate its digital transformation. Responding to the market demand caused largely by the effects of SARS-CoV-2, we focused our efforts on quickly equipping physicians with advanced software tools to support them in their daily work. There was a lot of interest in our digital medicine services, which enable remote monitoring of patients' health, but also in solutions supporting image diagnostics, which help to plan and carry out medical procedures in the areas of cardiology, oncology or orthopaedics.

In 2020, we continued to implement previously concluded agreements, primarily focusing on further commercialisation of our solutions. So far, we have focused mainly on product development and preparing products for the start of sales. The year 2020 was marked by a change of priorities in this respect. Both CarnaLife System and CarnaLife Holo are finished products that were systematically commercialized in the past year. We have signed a number of commercial agreements with, among others, the NEO Hospital group, which uses our innovative solutions on a daily basis.

Intensive commercialization of solutions has resulted in MedApp achieving record financial results in the company's history. Last year we recorded over **PLN 6 million in sales revenue, PLN 2.9 million in EBITDA and PLN 1.9 million in net profit**. It is worth noting that they result directly from the implementation of long-term contracts concluded in 2020, which allows us to expect that these results are not only repeatable, but above all with the potential for further growth.

Activities initiated last year resulted in the conclusion of the first significant foreign agreement with Insight Direct (UK) Ltd, which is part of the Insight Enterprises, Inc. - which is a world leader in offering modern technological solutions for the medical sector. We have also taken a significant step towards further overseas expansion. In July 2020, we signed an agreement with Paraxel International to support us in obtaining FDA clearance for our CarnaLife Holo solution.

Despite intensive commercialization, we continue to dynamically develop our product offering. In Q4 2020, we

launched the Digital Clinic solution, an extension of the CarnaLife System application, which is a response to new challenges facing the medical industry related to the need for social distancing while securing a safe and high quality offer of medical services. It is a platform for conducting remote specialist consultations, patient diagnostics in any place and at any time, and ongoing verification of various types of test results through artificial intelligence algorithms. We are in the process of executing the first pilot contracts, which may develop into permanent commercial cooperation over the course of this year.

On behalf of myself and the board of MedApp S.A., I would like to sincerely thank all employees for their enormous contribution to the development of our company and the Scientific Council that supports us. I would also like to express my appreciation to all doctors and nurses for their dedication in saving people's health and lives. We appreciate the efforts that medical personnel, especially now during a pandemic, make for the well-being and safety of each of us.

We believe that our solutions supporting analysis and processing of medical data can revolutionize access to high quality medical care, providing, so desired today - remote diagnostics and consultation with medical personnel. We believe that the use of our innovative solutions related to three-dimensional holographic visualization, gives a chance to improve safety and effectiveness of treatments and surgeries. Thus, supporting the surgical teams as well as directly influencing the well-being and safety of patients during medical procedures.

Our motto "Empower people for better health" in the past year, has become both a wish for health and peace. This is what we wish you on this occasion.

Krzysztof Mędrala
President of the Management Board of MedApp S.A.





Selected financial data.

p. 04

Cover letter of the President of
the Management Board.

p. 05

Selected financial data

p. 08

Report on the activities of the
Management Board

p. 22

Information on application of Best
Practices

| SELECTED FINANCIAL DATA | PERIOD | PERIOD | PERIOD | PERIOD |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | from 01.01.2020 to 31.12.2020 | from 01.01.2019 to 31.12.2019 | from 01.01.2020 to 31.12.2020 | from 01.01.2019 to 31.12.2019 |
| | [in PLN] | [in PLN] | [in EUR] | [in EUR] |
| I. Net revenues from sales | 6 024 961,96 | 3 226 098,36 | 1 346 600,95 | 750 604,55 |
| II. Operating costs, including: | 3 558 609,97 | 2 331 581,25 | 795 362,29 | 542 480,51 |
| III. - Amortisation | 818 329,73 | 719 383,24 | 182 899,68 | 167 376,28 |
| IV. Profit on sale | 2 466 351,99 | 894 517,11 | 551 238,65 | 208 124,04 |
| V. Other operating income | 0,06 | 18 394,76 | 0,01 | 4 279,84 |
| VI. Other operating cost | 350 670,46 | 364 423,47 | 78 376,13 | 84 789,08 |
| VII. Operating profit | 2 115 681,59 | 548 488,40 | 472 862,54 | 127 614,80 |
| VIII. Financial income | 0,00 | 0,00 | 0,00 | 0,00 |
| IX. Financial costs | 242 098,24 | 78 701,06 | 54 109,84 | 18 311,09 |
| X. Gross result | 1 873 583,35 | 469 787,34 | 418 752,70 | 109 303,71 |
| XI. Net result | 1 915 162,79 | 673 141,54 | 428 045,86 | 156 617,39 |
| XII. Net operating cash flow | -2 075 151,64 | -3 969 715,65 | -463 803,95 | -923 619,28 |
| XIII. Net investment cash flow | -114 822,67 | -14 773,38 | -25 663,29 | -3 437,27 |
| XIV. Net financial cash flow | 2 900 350,96 | 4 052 770,00 | 648 239,01 | 942 943,23 |
| XV. Cash and cash equivalents at the end of the financial year | 779 395,30 | 69 018,65 | 174 197,69 | 16 058,32 |

| | | | | | |
|-----------------|--|----------------------|----------------------|---------------------|---------------------|
| XVI. | Fixed assets, including: | 12 396 163,49 | 7 922 106,04 | 2 686 175,67 | 1 843 207,55 |
| XVII. | - Property, plant and equipment | 35 638,58 | 51 949,92 | 7 722,67 | 12 087,00 |
| XVIII. | Current assets, including: | 10 820 858,70 | 10 318 290,98 | 2 344 816,40 | 2 400 719,17 |
| XIX. | - Inventories | 92 777,00 | 0,00 | 20 104,23 | 0,00 |
| XX. | - Short-term receivables | 5 301 965,89 | 3 188 059,51 | 1 148 904,80 | 741 754,19 |
| XXI. | Total assets | 23 217 022,19 | 18 755 897,02 | 5 030 992,07 | 4 363 866,22 |
| XXII. | Equity | 20 556 780,50 | 16 231 767,05 | 4 454 533,35 | 3 776 586,10 |
| XXIII. | Share capital | 24 716 094,00 | 13 850 000,00 | 5 355 832,11 | 3 222 429,04 |
| XXIV. | Supplementary capital | 1 179 417,59 | 0,00 | 255 572,85 | 0,00 |
| XXV. | Liabilities and provisions for liabilities | 2 660 241,69 | 2 524 129,97 | 576 458,72 | 587 280,12 |
| XXVI. | Long-term liabilities | 0,00 | 0,00 | 0,00 | 0,00 |
| XXVII. | Short-term liabilities | 2 232 796,27 | 2 414 829,93 | 483 833,81 | 561 849,68 |
| XXXVIII. | Total liabilities | 23 217 022,19 | 18 755 897,02 | 5 030 992,07 | 4 363 866,22 |
| XXXIX. | Number of shares [units] | 250 032 204 | 237 189 360 | 250 032 204 | 237 189 360 |
| XXXX. | Profit (loss) per share [PLN/EUR] | 0,024 | 0,003 | 0,005 | 0,0007 |
| XXXI. | Book value per share (in PLN/EUR) | 0,08 | 0,07 | 0,018 | 0,02 |
| XXXII. | Dividend per share declared or paid | - | - | - | - |



Report of the Management Board on the activities of MedApp S.A.

for the period from January 1, 2020 to December 31, 2020.

p. 04

Cover letter of the President of
the Management Board.

p. 05

Selected financial data

p. 08

Report on the activities of the
Management Board

p. 22

Information on application of Best
Practices

Contents.



p. 10

1.1. Basic information.

p. 11

1.2. Events materially affecting the entity's operations, which occurred during the financial year and also after its completion, until the date of approval of the financial statements.

p. 13

1.3. Predictions about the development.

p. 14

1.4. Analysis of the current and projected financial situation of the Company.

p. 15

1.5. Information concerning the acquisition of own shares (stocks) and, in particular, the purpose for which they were acquired, their number and nominal value, indicating the proportion of the share capital they represent, the purchase price and the selling price of these shares (stocks) in the event of their disposal.

p. 16

1.6. Description of significant risk factors regarding the Company's activity, including the risks related to financial instruments.

p. 19

1.7. Data on the ownership structure of the share capital and the number and nominal value of shares.

p. 20

1.8. Important achievements in research and development.

1.9. Events after the balance sheet date.

p. 21

2.0. Other required information.

1.1. Basic information

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MANAGEMENT BOARD

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



Krzysztof Mędrala
President of the Board

Rafał Ligęziński
Vice-President of the Management Board until September 17, 2020.

Michał Sosin
Board Member from September 18 to December 21, 2020.

RADA NADZORCZA

During the period covered by the report, the Company's Supervisory Board consisted of:

Błażej Wasielewski – Chairman of the Supervisory Board
Wiktoria Guzik – Member of the Supervisory Board
Ewelina Rytter – Supervisory Board Member
Grzegorz Wrona – Supervisory Board Member
Włodzimierz Kubiak – Member of the Supervisory Board as of January 15, 2020.

1.2. Events materially affecting the entity's operations during the financial year and thereafter until the date of preparation of the financial statements

The Issuer in 2020 focused on intensive commercialization of CarnaLife System and CarnaLife Holo solutions, as well as new solutions that were launched last year, i.e. Digital Clinic (former name CarnaLife System Digital Clinic) and HoloComm (former name SurgeonEye). Over the past year, the Issuer signed a number of agreements which had a material impact on its operations.

On 2 March 2020, the Issuer was selected in a tender for the supply of medical equipment organised by the University Clinical Centre in Gdańsk - a multi-specialist clinical hospital at the Medical University of Gdańsk. As part of the tender, the Issuer submitted an offer for delivery of CarnaLife Holo, a proprietary 3D medical image data visualisation system, which can be used in interventional cardiology, vascular surgery, oncology, orthopaedics and radiology to facilitate the planning of medical procedures and dedicated therapies.

On 16 June 2020, the Issuer signed an agreement for the use of the CarnaLife Holo system for treatment planning and patient education with NEO Hospital Sp. z o.o., owner of the "Szpital na Klinach" hospital in Kraków. This hospital uses the CarnaLife Holo system for gynecological and oncological procedures as well as complex liver tumor treatments using NanoKnife equipment. The partnership with NEO Hospital was extended on November 3, 2020 for a pilot implementation of the CarnaLife System application. Within the framework of the Agreement, the Issuer provided "Szpital na Klinach" with its telemedicine solution CarnaLife System for remote monitoring of patients' health condition and management of the treatment process. The system will be piloted in the care of patients affected by obesity.



On 18 June 2020, the Issuer concluded a cooperation agreement with Semicon Sp. z o.o., which has been operating in the electronics industry for 30 years. The signed agreement is for the sale of an application to receive data from a device designed by Semicon. The Issuer, due to its experience in creating CarnaLife telemedicine systems based on connecting with external devices, was chosen as a partner who will prepare an application to monitor the above mentioned devices. The Issuer has implemented the ISO 13485 system, which enables Semicon to certify its products as Class IIb medical devices faster. As part of the collaboration, the CarnaLife System application is used in Semicon's instruments designed to analyze the data included in laboratory tests. Moreover, as part of the cooperation, the Issuer provides two-year technical support and cares for the development of the delivered application.

On 10 August 2020, the Issuer signed a distribution agreement with WLOG Solutions Sp. z o.o. based in Warsaw. The agreement concerns cooperation in the distribution of MedApp S.A. applications such as CarnaLife System, CarnaLife Holo and HoloComm. Due to its extensive experience in the IT and integration area, WLOG Solutions also offers CarnaLife System application, i.e. a tool for patients and doctors that enables remote diagnostics, monitoring and online consultations as a place of integration for medical device manufacturers who can use available solutions based on cloud solutions and mobile and desktop applications.

On 22 September 2020, the Issuer signed an agreement with Pozitive.dev Sp. z o.o. on cooperation in the Tumor3D project. The Tumor3D platform using CarnaLife Holo technology offers a service aimed at individual customers (B2C) supporting diagnosis and treatment in the field of oncology. The distribution of Tumor3D service was conducted by Pozitive.dev, a company specializing in the creation of software for the medical sector. Pozitive.dev creates mobile and web applications for both institutional (B2B) and individual clients (B2C). Pozitive.dev team is planning to promote Tumor3D on international markets, both in Europe and USA.

In addition, the Issuer has signed a number of pilot agreements for the implementation of CarnaLife Holo, CarnaLife System and Digital Clinic solutions over the course of 2020, which may develop into permanent, long-term commercial partnerships in 2021.

Despite the worldwide problems caused by the Covid-19 pandemic, the Issuer continued to operate remotely in 2020, ensuring that employees are fully able to carry out their tasks and focusing on expanding the functionality of the CarnaLife System and CarnaLife Holo applications offered. An example of new additional functionality that is applicable during a pandemic, for example, is the ability to fully remote consult with a doctor via video, phone and chat within the CarnaLife System app.

The Issuer's operations in 2021 will be affected primarily by the above agreements entered into through 2020, but also by new agreements that may result from pilot agreements entered into last year, as well as potential agreements with foreign entities.

On 25 January 2021, the Issuer entered into a partnership agreement with Insight Direct Limited, based in Sheffield, UK. Under the Agreement Insight Direct Limited may purchase from MedApp S.A. the products specified in the Agreement, in this case the CarnaLife Holo and HoloComm software together with the hardware required to operate the software, which will then be supplied to Insight Direct Limited's customers. The Parties will cooperate with a view to submitting bids in public tenders in the territory of the United Kingdom.

The Issuer conducts negotiations and commercial talks with subsequent foreign entities in order to expand its operations onto subsequent foreign markets.

1.3. Predictions about the development of the entity

SALE

- expanding the team with new people experienced in selling medical services both in Poland and on foreign markets
- continuation of commenced implementation projects
- participation in trade fairs organized in the form of offline (face-to-face meetings)
- negotiations concerning starting cooperation with distributors both in Poland and abroad
- launching pilot implementations at partners
- participation in tenders on the UK market under an agreement signed with Insight Direct (UK) Ltd to distribute HoloComm and CarnaLife System products in the UK
- using CarnaLife System and CarnaLife Holo in new medical specialties
- offer the German version of the CarnaLife System on the DACH market (Germany, Austria, Switzerland)
- start offering the HoloComm product to new non-medical customers
- further development of competitive advantages by increasing the usability and functionality of individual applications.

CUSTOMER SERVICE

- maintaining and deepening business relationships with existing customers by offering them new product functionalities
- continuous improvement of sales and after-sales service quality
- continuous improvement of service procedures.

PRODUCT DEVELOPMENT

- expanding the team with new, additional people with experience in commercialization of products on the medical market
- provision of a new Digital Clinic service based on CarnaLife System technology
- extending the range of offered services based on new telemedical devices
- extension of the scope of areas to include the EduTech market (HoloComm product)
- development of biomedical signal analysis algorithms and artificial intelligence system for medical imaging analysis
- continuation of works on currently implemented telemedical and holographic solutions
- development and successive implementation of further modules in mixed reality (MR) technology
- recertification and upgrading of the product class to IIb
- signing of an agreement with Parexel in the context of preparing and carrying out the registration process at the FDA
- CarnaLife System was awarded the Gold Emblem - Highest Quality International 2020 in the category QI SERVICES - the highest quality product
- CarnaLife Holo was awarded the Gold Emblem - Highest Quality International 2020 in the category QI PRODUCT - the highest quality product.

MARKETING AND PR

- implementation of a new website
- rebranding of the Company and preparation of a package of materials promoting the Company's products
- promotion in social media (including LinkedIn) and industry portals and magazines
- building awareness of the use of mixed reality (MR) in health care (hospitals and universities)
- continuation of the strategy of scientific speeches at specialist conferences
- implementation of PR strategy, cooperation with media and PR agency in the field of investor relations.

1.4. Analysis of the current and projected financial position of the Company

In 2020, MedApp's revenue reached PLN 6,024k and increased by 87 percent compared to 2019 (PLN 3,226k). In addition, MedApp generated a net profit of PLN 1,915k in 2020, a 185 percent increase compared to 2019 (PLN 673k).

The company thus maintained its high growth rate in financial results. The current financial situation of the Company is stable. The Company has reduced the level of short-term liabilities. The level of the Company's equity also increased, which was due to the acquisition of new issue shares by investors and the exercise of subscription warrants by key employees of the Company.

Medapp S.A. is currently in the phase of intensive launching of its products on the market (commercialization) and simultaneous extension of the functionality of existing applications. The future financial position of the Company will mainly depend on the pace of realisation of revenues from sales on the domestic and foreign markets as well as on the availability of capital necessary to further develop the Company's own product portfolio and to launch extensive marketing activities (including promotion and entering foreign markets).

The Management Board's plans for 2021 include the issue of series H shares and moving the listing to the main market of the WSE. The Issuer plans to further increase the scale of its operations and financial performance while expanding its product distribution in Europe and preparing to obtain FDA certification in the United States. It is also planned to launch a company dedicated to the development of activities in the region of German-speaking countries DACH - i.e. in Germany, Austria and Switzerland. Obtaining the assumed means within the issue of shares from investors will allow to implement the assumed strategy of the Company.



1.5. Information on acquisition of own shares (stocks), and in particular about the purpose of their purchase, number and nominal value, indicating the part of the share capital they represent, purchase price and selling price of these shares in case of their disposal

In accordance with the Resolution No. 4/2020 of the Extraordinary General Meeting of the company under the business name MedApp Spółka Akcyjna with its seat in Kraków of 29 June 2020: The Extraordinary General Meeting of MedApp Spółka Akcyjna with its registered office in Kraków ("the Company"), acting pursuant to art. 359 § 1 and 2, art. 360 § 1, art. 430 § 1 and art. 455 § 1 of the Commercial Companies Code gave its consent to gratuitous acquisition by the Company of its own shares for the purpose of redemption and authorized the Company Management Board to take all necessary steps to acquire own shares of the Company. The redemption constituted voluntary redemption within the meaning of the first sentence of Article 359 § 1 sentence 2 of the Commercial Companies Code, i.e. it was executed with the shareholder's consent through the acquisition of shares by the Company. 3 (in words: three) shares with the nominal value of PLN 0.10 (in words: ten groszy) and with the current market value lower than PLN 1 (in words: one zloty) each, constituting in total approximately 0.000001% of the Company's share capital, were subject to gratuitous redemption. In connection with the redemption of the shares acquired free of charge, it was not necessary to conduct the convocation proceedings provided for in Article 456 of the Commercial Companies Code, the cost of which would exceed the value of the shares being redeemed, and thus its conduct would infringe upon the interests of the shareholders. The shares were acquired free of charge, i.e. without payment of any remuneration or any benefits to the shareholder transferring the shares, Amida Capital spółka z ograniczoną odpowiedzialnością S.K.A. of Poznań.



1.6. Description of significant risk factors concerning the Company's operations, including the risks related to financial instruments

RISK OF FAILURE OF THE ISSUER'S DEVELOPMENT STRATEGY

Due to the fact that the Issuer operates on a dynamic, fast-growing market closely related to innovative technologies, which do not have a long history and are largely burdened with the risk of volatility and unpredictability, MedApp S.A. is exposed to the risk of incorrect adoption of strategic assumptions regarding, among others, the developed services and products and the future demand for them by the customers. The above also affects the risk of attainable revenues and financial results. The Issuer's business is subject to risk:



inadequacy of the Issuer's offer to meet customers' expectations



failure to achieve the expected market position and thus the inability to implement strategic plans.

THE ISSUER SEEKS TO MITIGATE THE ABOVE RISKS BY

- monitoring market trends and available marketing research to identify the needs of potential customers and offer products or services that best meet their expectations
- constant modification and expansion of the offer taking into account the demand of potential customers
- employing highly qualified staff and associates
- cooperation with international specialists from given industries and cooperation with the Scientific Council
- tracking trends in key international markets (United States, Europe, Arab Emirates, Brazil) through participation in the world's largest medical fairs and developing contacts with potential customers in foreign markets.

RISKS RELATED TO TECHNOLOGICAL CHANGE

A characteristic feature of the industry in which the Issuer invests is the speed of technological changes, which have a bearing on the period of implementation and operation of products and services offered on the market. The pace and scope of these processes mean that the Issuer, in order to maintain its market position, is forced to continually develop its product range and improve the quality of its services. The liquidity and dynamics of the industry carries the risk of incurring significant costs related to the necessity of introducing development works and continuous adaptation to the growing expectations in the area of new technologies used in medicine.



RISKS RELATED TO THE CREATION OF NEW SERVICES AND PRODUCTS AND WINNING NEW CONTRACTS

The Issuer is investing in an industry where it is necessary to continuously improve the services and products offered, as well as to expand the functionality of the applications offered (CarnaLife System and CarnaLife Holo). Winning new customers in the commercialization process requires, among other things, staying ahead of the competition and effectively meeting the growing customer needs. The introduction of innovative services involves significant costs for their development, testing and implementation.

It cannot be excluded that the innovative services and products introduced by the Issuer will bring worse economic results than expected.

RISK OF IMPLEMENTED CONTRACTS

The Issuer's business involves, to a large extent, implementation of processes and tasks with a high degree of complexity, requiring long-term work of specialists, which may involve the risk of extension of the implementation time, change in the scope of activities and higher costs associated with the implementation of projects. Such risks may be related to the client's withdrawal from the contract, possible complaints or financial claims. These events may have an adverse effect on the Issuer's standing and financial performance. The Issuer minimizes the above risks by employing highly competent specialists and experienced management staff.

RISK OF LOSING AND DIFFICULTY IN RECRUITING KEY STAFF

Key employees and management staff are an important element of the Issuer's operations and its market position. The Issuer employs people with specialist knowledge, experience and understanding of such a specific economic sector as the use of state-of-the-art technologies in medicine. Given the high demand for specialists and managers in the area of new technologies, especially technologies used in medicine, there is a risk that individual members of the management staff or key employees may leave, which in turn may result in difficulties in conducting the Issuer's current business and even lead to a violation of the Issuer's market position.



RISK OF EMERGENCE OF COMPETITION (INCLUDING FOREIGN COMPETITION)

The Issuer operates on the fast-growing market of services for the medical industry. It is highly probable that strong competition will arise on this market, which may have much greater financial resources than the Issuer. The Issuer seeks to mitigate this risk through consistent development of new innovative products and marketing and promotion of its brand.

INTERNET SECURITY AND PERSONAL DATA PROTECTION RISKS

Relying provided services on ICT infrastructure involves threats typical of IT networks, paralysis of the network or theft of data about provided services or personal data subject to the Personal Data Protection Act. The Issuer mitigates the risk described above by using recognized IT infrastructure products (Microsoft Azure), which have the highest quality data security mechanisms installed, and by implementing proprietary security measures (encrypting connections) for data storage and communication of cloud computing with user applications.

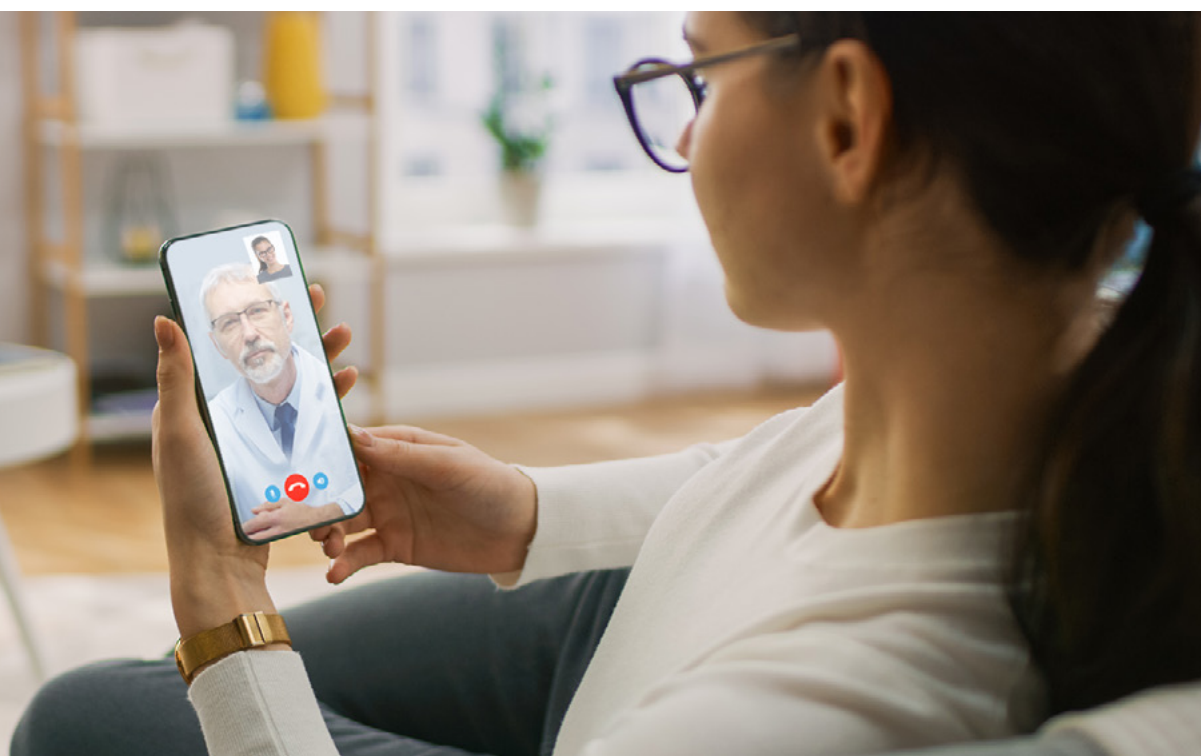
RISK OF SHARE PRICE FLUCTUATIONS AND INSUFFICIENT SHARE LIQUIDITY

Prices of securities listed in the Alternative Trading System may be subject to significant fluctuations, depending on the shape of the supply and demand relations.

These relationships depend on many complex factors, including in particular the unpredictable investment decisions made by individual investors. Many factors affecting the prices of securities listed in the Alternative Trading System are independent of the situation and actions of the Issuer. Predicting the direction of price fluctuations of securities listed in the Alternative Trading System, both in the short and long term, is very difficult. It should be emphasized that the risk of investing in securities listed in the Alternative Trading System is often greater than the risk associated with investments in the regulated market, in treasury securities or in participation units of balanced investment funds. In order to improve the liquidity of trading in its securities, the Issuer has started work on transferring the quotations to the main market of the Warsaw Stock Exchange.

RISK RELATED TO FINANCIAL INSTRUMENTS

The Issuer holds shares in OZE Capital, a company listed on NewConnect, recognised in the books at acquisition cost.



1.7. Data on the ownership structure of the share capital and the number and nominal value of shares:

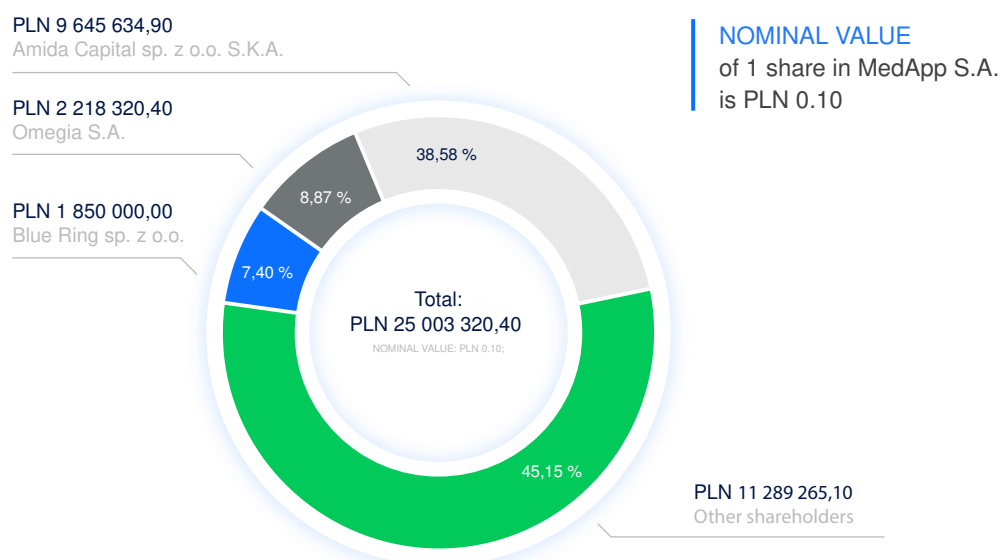


Table 1

Shareholders and voting structure at the General Meeting of MEDAPP S.A. (as at 31.12.2020)

The share capital registered in the National Court Register as at 31 December 2020 amounts to PLN 24,716,094.00. The nominal value of 1 share of MedApp S.A. is 0,10 PLN

| Shareholder | Number of shares held | Nominal Value | Value of shares | Share in total number of votes |
|--|-----------------------|---------------|---------------------|--------------------------------|
| Amida Capital Spółka z ograniczoną odpowiedzialnością S.K.A. | 96 279 980,00 | 0,10 | 9 627 998,0 | 38,51% |
| Omega Spółka Akcyjna | 22 183 204,00 | 0,10 | 2 218 320,4 | 8,87% |
| Blue Ring Sp. z o.o. | 18 500 000,00 | 0,10 | 1 850 000,00 | 7,40% |
| Other shareholders | 113 068 020,00 | 0,10 | 11 306 902,0 | 45,22% |
| TOTAL | 250 032 204,00 | | 25 032 204,4 | 100,00% |

1.8. Important achievements in research and development

In June 2020, the Company, through a recertification process, received a Class IIb Medical Certificate valid for three years. Thus, the Issuer confirmed that its CarnaLife solution meets the highest medical device standards (mobile applications in healthcare) in the European Union. The certificate applies to both the telemedicine system for monitoring patients remotely and the MR (mixed reality) data presentation system. In general, these different possibilities for interaction of the real and virtual world is called a mixed reality. More medical devices were gradually added to the telemedicine system, and the imaging system was enriched with new functionalities necessary to be used in other fields of medicine.

Subsequent to the balance sheet date, on 7 January 2021, the Issuer was admitted to the Microsoft Mixed Reality Partner Program (MRPP) as a Silver Partner. The Silver MRPP status enables the Company to participate in marketing and sales events organized by Microsoft, during which the Company has an opportunity to present its products and technological solutions to Microsoft partners and distributors from foreign markets, which may have an impact on the popularization and advertising of the Company's products, translating into the Company's sales results. For the Company, Silver MRPP status means access to services, tools and support for Microsoft product and sales teams on preferential terms.

1.9. Events after the balance sheet date

On January 6, 2021, the Issuer was accepted into the Microsoft Mixed Reality Partner Program (MRPP) as a Silver Partner, thereby gaining access to Microsoft's services, tools and product team support. This will allow the Company to make even better use of Azure's mixed reality and cloud services for its customers.

On 18 January 2021, the Issuer entered into an insurance agreement with Chubb European Group SE Spółka Europejska Branch in Poland, with the guarantee amount of GBP 1,000,000 and the insurance period from 15 January 2021 to 14 January 2022. The Issuer's business insurance contract covers health care information technology, including primarily employer's liability for the effects of workplace accidents, general liability, products and services liability, liability for damages other than personal injury and property damage, and defects in products and services and defects in workmanship. The territorial scope of insurance covers the world, including the USA, Canada, Iran, Iraq, Cuba, Syria, Democratic People's Republic of Korea, Sudan, Crimea, Venezuela.

On 25 January 2021, the Company entered into a partnership agreement with Insight Direct Limited based in Sheffield, UK. The agreement is of a framework nature. Under the agreement Insight Direct Limited may purchase CarnaLife Holo and SurgeonEye software from MedApp together with the hardware required to operate the software.

On 2 February 2021, the Company entered into a cooperation agreement with Diagnostyka Sp. z o. o. with its registered office in Kraków, assuming the addition of new functionalities to the CarnaLife System application, in particular enabling patients of medical institutions using the CarnaLife System application to automatically download the results of laboratory tests performed by Diagnostyka Sp. z o.o. The new functionality will, among other things, make it possible for a patient's results to be made available to a given medical facility using the CarnaLife System, taking into account the applicable legislation on the protection of personal data. The agreement was concluded for a definite period of 2 (two) years, with the possibility of extension for an indefinite period if neither party sends the other party a statement of no intention to extend the agreement at least 2 weeks before the end of the period for which it was concluded.

On February 25, 2021, the Issuer received confirmation of the conclusion of a Consortium Agreement with the University of Janina (Greece), Polytechnic University of Milan (Italy), BioIRC- Bioengineering

Research and Development Center (Serbia), University of Patras (Greece), University of Montpellier (France) and the Kapodistrias National University of Athens (Greece) in the framework of the EU Marie Skłodowska-Curie - Horizon 2020 Programme for research and innovation and support for the career development and training of researchers, project title: "Drug-coated balloon simulation and optimization system for the improved treatment of peripheral artery disease". Project partners include the AGH University of Science and Technology and Boston Scientific Limited (Ireland).

As part of the project, the company will conduct research on the measurement of anatomical structures in medical images in holographic space and automatic segmentation of arteries in CT data using the CarnaLife Holo application. As part of the consortium, the Company is a Beneficiary, which means that the Company, as part of its participation in the Project, will receive funding in the amount of EUR 369,957.20 during its duration, and the Company is obliged to spend these funds on research, training, networking, project management activities and other indirect costs, as well as costs related to the employment and maintenance of two doctoral students who will conduct research in cooperation with the Company.

2.0. Other information required

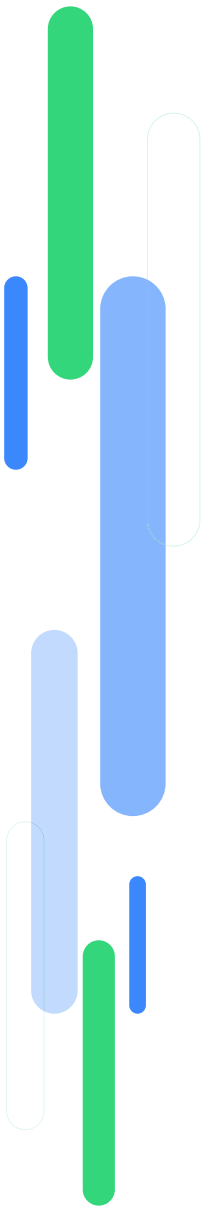
Pursuant to Article 49(2), the report on operations should include relevant information on the Company's assets and financial standing.

Required information not previously discussed is provided below.

The Company applies the principles of corporate governance ("Best Practices of Companies Listed on NewConnect") in accordance with the ATS Rules.

Art. 49 par. 3 Information on employment in the Company. Employment level as of 31.12. 2020 was 20 people.





Information on the application by MedApp S.A. **Principles of Best Practice for Companies Listed on NewConnect.**

p. **04**

Cover letter of the President of
the Management Board.

p. **08**

Report on the activities of the
Management Board

p. **05**

Selected financial data

p. **22**

Information on application of Best
Practices

PRINCIPLE
THE COMPANY'S POSITION ON THE APPLICATION OF THE PRINCIPLE IN 2020.

1. The Company should pursue a transparent and effective information policy using both traditional methods and modern technologies ensuring fast, secure and broad access to information. A company using such methods to the broadest extent possible should ensure adequate communication with investors and analysts, also using modern Internet communication methods, enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on its website.

The principle is applied with the exception of broadcasting General Meetings over the Internet. Currently, the Company does not envisage broadcasting the General Meeting over the Internet. In the opinion of the Management Board, the Company fulfils all information obligations related to the organisation of general meetings, which is a sufficient source of information for all interested parties. Should circumstances justify the use of Internet transmissions in the future, the Company is prepared to take such action.

2. The company should ensure effective access to information necessary to assess the situation and prospects of the company and its operations.

Principle applied. Information on the Company's operations is published in the form of current and periodic reports on the Company's corporate website (in the Investor Relations section) and sent to the media in the form of press releases, thus ensuring effective access to such information by the public.

3. „A company should operate a corporate website and publish:”

The principle applied with the remarks indicated below.

3.1. Basic information about the company and its activities (homepage).

Principle applied. Basic information about the Company and its operations is available on its corporate website at: www.medapp.pl.

3.2. Description of the issuer's operations with indication of the type of operations from which the issuer derives most of its income.

Principle applied. The description of the Company's activities along with the indication of the main products, which are the source of the greatest income, the Company has included in the corporate website as well as through periodic reports posted on the website.

3.3. A description of the market in which the issuer operates including the issuer's position in that market.

The principle is applied to a limited extent. Excluding the Company's position on the market, due to the impossibility of obtaining reliable data in this respect as well as the costs of preparing such analysis by external entities.

3.4. Professional CVs of the members of the company's bodies.

Principle applied.

3.5. Information known to the management board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting.

Principle applied. If the relevant statements of the members of the Supervisory Board are received, this information will be posted on the corporate website.

3.6. Corporate documents of the company.

Principle applied. Corporate documents are available on the corporate website.

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| 3.7. Outline of the company's strategic plans. | The principle is applied. Management announces the strategy for the Company in periodic reports posted on the corporate website. |
| 3.8. Published financial result forecasts for the current financial year, including assumptions to these forecasts (if the issuer publishes such forecasts). | Principle applied. The Company did not publish forecasts of results, however, if the Management Board decides to publish the forecasts, they will be published on the Company's website. |
| 3.9. Issuer's shareholding structure with identification of major shareholders and free-float shares. | Indirectly applied principle. The Company's shareholding structure with the indication of the main shareholders, the number of shares held by them, the shareholding structure by number of shares and by number of votes, as well as the information on free-float shares, is included each time in periodic reports published on the Company's website. The Company anticipates that this information will be available on the corporate website upon completion of work to update the Company's website. |
| 3.10. Details and contact to the person responsible for investor relations and media relations in the company. | Principle applied. |
| 3.12. Published current and periodic reports. | Principle applied. The Company's current and periodic reports are published on the corporate website in the investor relations section. |
| 3.13. Calendar of scheduled publication dates of financial interim reports, dates of general meetings as well as meetings with investors and analysts and press conferences. | Principle applied. A calendar of the Company's scheduled dates is published on the corporate website in the investor relations section. |
| 3.14. Information on corporate events such as the payment of dividends and other events resulting in the acquisition or limitation of rights on the part of the shareholder, including the timing and principles of such operations. This information should be posted in time for investors to make their investment decisions. | Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule. |
| 3.16. Shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions. | Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule. |
| 3.17. Information on the reasons for the cancellation of the general meeting, change of date or agenda with justification. | Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule. |
| 3.18. Information on adjournment of the General Meeting and reasons for adjournment. | Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule. |
| 3.19. Information on the entity with which the company has signed an agreement on the declaration of services of Authorised Adviser, with indication of the name, website address, telephone numbers and e-mail address of the Adviser. | Principle applied. The Company is not required to have an agreement with an Authorised Adviser. |
| 3.20. Information on the entity acting as the issuer's share market maker. | Principle applied. |

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| <p>3.21. Information document (prospectus) of the company, published within the last 12 months.</p> | <p>Principle applied.</p> |
| <p>The information contained on the website should be posted in a way that allows easy access to that information. The issuer should update information posted on the website. If new relevant information becomes available or if there is a material change to the information posted on the website, an update should be made immediately.</p> | <p>The information contained on the website should be posted in a way that allows easy access to that information. The issuer should update information posted on the website. If new relevant information becomes available or if there is a material change to the information posted on the website, an update should be made immediately.</p> |
| <p>4. The Company maintains a corporate website, at the issuer's choice, in Polish or English. Current and periodical reports should be published on the website in at least the same language as their publication in accordance with the regulations applicable to the issuer.</p> | <p>Principle applied. The Company's corporate website operates in Polish. Current and periodic reports published on the website are prepared in the Polish language.</p> |
| <p>5. The company should pursue an information policy with particular attention to the needs of individual investors. For this purpose, the Company should use, apart from its corporate website, the investor relations section on www.GPWInfoStrefa.pl.</p> | <p>The rule was not applied. In the opinion of the Management Board, the information policy pursued by means of the Company's corporate website ensures effective access to information necessary to assess the Company's situation and development prospects.</p> |
| <p>6. The issuer should maintain ongoing contact with representatives of the Authorised Adviser to enable them to properly perform their duties to the issuer. The Company should appoint a person responsible for contacts with the Authorised Adviser.</p> | <p>Principle applied.</p> |
| <p>7. If an event occurs in the company which, in the issuer's opinion, is material to the performance of the Authorised Adviser's duties, the issuer shall promptly notify the Authorised Adviser thereof.</p> | <p>Principle applied.</p> |
| <p>8. The Issuer should provide the Authorised Adviser with access to all documents and information necessary to perform the duties of Authorised Adviser.</p> | <p>Principle applied.</p> |
| <p>9. The issuer provides in the annual report: Information on the total remuneration of all members of the Management Board and the Supervisory Board, • Information on remuneration Authorised Adviser received from the issuer for rendering services to the issuer in each respect.</p> | <p>The principle was applied. Disclosures of the amount of remuneration are presented in the financial statements.</p> |
| <p>10. Members of the management board and the supervisory board should attend the general meeting so that they are able to provide substantive answers to the questions asked at the general meeting.</p> | <p>Principle applied. The representatives of the Company's authorities are present at the Issuer's General Meetings.</p> |

11. At least twice a year, the issuer, with the cooperation of the Authorised Adviser, should organise a publicly available meeting with investors, analysts and the media.

Principle applied. The Company responds promptly and on an ongoing basis to inquiries from investors, analysts and the media. In case of appearance of information significant for the Company, the Management Board of the Company enables direct contact with the interested parties. The Issuer participates in meetings with Investors, investor chats and meetings with journalists.

12. A resolution of the general meeting on an issue of shares with pre-emptive rights should specify the issue price or the mechanism for determining it, or oblige the authority authorised to do so to determine it before the date of establishing the pre-emptive rights, within a time limit enabling an investment decision to be taken.

Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule.

13. Resolutions of the general meeting should ensure the necessary time interval between decisions giving rise to certain corporate events and the dates on which shareholder rights arising from those corporate events are determined.

Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule.

13a. If the issuer's Management Board receives information from a shareholder holding at least half of the share capital or at least half of all the votes in the company that the shareholder has convened an extraordinary General Meeting under the procedure referred to in Article 399 § 3 of the Commercial Companies Code, the issuer's Management Board shall promptly perform the actions it is required to take in connection with organising and conducting a General Meeting. This rule shall also apply if the registration court authorizes the shareholders to convene an extraordinary general meeting pursuant to Article 400 § 3 of the Commercial Companies Code.

Principle applied.

14. The date of determination of rights to dividend and the date of payment of dividend should be set so that the time between them is as short as possible and in any case not longer than 15 working days. Setting a longer period between these deadlines requires detailed justification.

Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule.

15. A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfillment will take place before the date of setting the right to dividend.

Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule.

16. The Issuer publishes monthly reports within 14 days of the end of the month. A monthly report should include at least: information about the occurrence of trends and events in the issuer's market environment which, in the issuer's opinion, may have a significant impact on the issuer's financial standing and performance in the future, a summary of all information published by the issuer in the form of a current report in the period covered by the report, information about the realisation of the issue objectives, if such realisation, even in part, during the period covered by the report, investor's calendar including events that are to take place in the coming month that concern the issuer and are relevant to investors' interests, in particular the date of publication of periodic reports, planned general meetings, opening of subscriptions, meetings with investors or analysts, as well as the expected date of publication of an analytical report.

The rule was not applied. Due to limited human resources the Company does not publish monthly reports.

16a. In case of violation by the issuer of its information obligations specified in Annex 3 to the Alternative Trading System Rules ("Current and periodical information provided in the alternative trading system in the NewConnect market"), the issuer should promptly publish, in the procedure appropriate for presentation of current reports on the NewConnect market, information explaining the situation.

Principle applied. Such events have not occurred in the Company. If they occur, the Company will apply this rule.



Krakow, 22 March 2021



2020

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