21 March 2022

Spectral MD Holdings, Ltd
("Spectral MD" or the "Company")

Final results

All key operational milestones outlined at admission to AIM achieved in a transformational year for the Company

LONDON, U.K. AND DALLAS, TX, U.S – Spectral MD Holdings, Ltd. (AIM: SMD), a predictive analytics company that develops proprietary AI algorithms and optical technology for faster and more accurate treatment decisions in wound care, announces its audited final results for the year ended 31 December 2021.

Operational highlights

- Key performance numbers from Expanded Proof-of-Concept ("ePOC") showing accuracies of 92% and 88% in detection of severe thermal burn injury in adults and children, respectively
- Awarded new contracts with the US Biomedical Advanced Research and Development Authority (BARDA) valued at US$40.5 million, with total funding now awarded from BARDA of over US$100 million
    - US$20.6 million Option 1A BARDA contract due to successful ePOC outcome, in March 2021
    - US$18.8 million Option 1B BARDA contract 6 months ahead of schedule, in September 2021
- Initiated second stage of burn Artificial Intelligence ("AI") clinical training study, where the research has been expanded from five to a total of ten clinical sites, and from 100 subjects to a total of 250 subjects
- Successfully completed 150 subject Diabetic Foot Ulcer ("DFU") AI training study on schedule across six clinical sites
- Appointment of Nils Windler as Chief Financial Officer

Financial highlights

1. Grant revenue of US$15.2 million, primarily from current BARDA contract
2. Adj. EBITDA US$(3.0) million, including DFU development costs
3. Cash on hand of US$16.1 million as of 31 December 2021
4. Raised gross proceeds of £11.3 million (approximately US$15.6 million) through a successful initial public offering, with the entire share capital admitted to trading on AIM on 22 June 2021

Post-period end highlights

1. Enrolled 80+ subjects across eight clinical sites in the second stage of the burn AI clinical training study, with the Company on track to meet the 250 subject enrollment target across 10-12 sites in the US by Q4 2022
2. Training DFU algorithm performance determined at 81% accuracy for broad coverage – a robust and reliable result based on results from a considerably larger study population across multiple locations and practices
3. DFU AI clinical study initiated with Royal College of Surgeons in Ireland, clinical agreement in progress and submitted for regulatory review
4. Full hand-held engineering prototype is being developed for a miniaturized version of DeepView®

Wensheng Fan, Chief Executive Officer of Spectral MD, said: *"In 2021, Spectral MD achieved all key operational milestones outlined at the time of our IPO. It has been a transformational year for the Company, from the positive readout from our clinical trials for both our burn and DFU indications, to the accelerated US Government funding for our applications and the successful IPO, raising gross proceeds of £11.3 million (US$15.6 million). I am particularly proud of the Spectral MD team which we continue to build as we position the Company for further future success.*

"The Company is well positioned to achieve further key milestones that are foundational to our planned regulatory approvals and commercialization plans. Over the course of 2022 and 2023, we will accelerate investment in key management hires and commercialization efforts to enhance the Company's readiness to obtain significant government support for placement of our devices in over 5,000 US based hospitals. We will also continue to opportunistically evaluate additional indications, market opportunities and other initiatives to further enhance our commercial success and shareholder value."

2021 Business Update and Outlook

BARDA - Biomedical Advanced Research and Development Authority

At IPO: The Company had been awarded the BARDA contract Option 1A (US$20.6 million), granted in March 2021, and Option 1B (US$18.8 million) was expected to be granted in 2022 to execute the adult and pediatric multi-center clinical training study.

Achieved: Spectral MD received the Option 1B US$18.8 million six months ahead of schedule in 2021 due to a successful ePOC outcome. The accelerated funding, which takes the total BARDA awarded contract funding into the Company to over US$100 million, will allow the Company to accelerate initiation of the second stage of the clinical training study with confidence.

Outlook: The Company expects to successfully complete the Option 1A and 1B 250 subject clinical study in 2022. Upon successful completion of the study, the Company expects to see high performing algorithm results across demographic and geographic variability in the study population. The Company is excited for the continued collaboration with BARDA, as it works together into the next contract phase.

DFU – Diabetic Foot Ulcers

At IPO: At IPO, the Company expected to meet the 150 subject enrollment goal for the DFU U.S. training study and complete the study by year end of 2021.

Achieved: The Company successfully completed the 150 subject DFU U.S. training study on schedule across six clinical sites in December 2021.

Outlook: Following successful completion of the training study, the DFU AI algorithm is being finalized, and additional newly developed product features are being incorporated. In 2022, the Company will start and expects to finish the validation study for the DFU AI algorithm in the U.S.. In Q2 2022, the Company expects to start the DFU clinical study in the EU, where the data collected will be combined and compared with U.S. data to expand DeepView® readiness in both the U.S. and CE marked regions. The Company's focus will be on the continued development of the DFU AI model as we progress into the validation study.

DHA - Defense Health Agency

At IPO: The Company intended to develop a miniaturized, fully hand-held version of DeepView®.

Achieved: The DHA awarded the Company a US$1.1 million contract in June 2021, two years earlier than expected. The Company has developed an early scientific protype of the DeepView® technology with key optical and computing capabilities in a fully handheld, portable form.

Outlook: The Company will continue to develop the early scientific prototype into a fully engineered, production- ready model to support clinical studies.

Commercialization

At IPO: The Company stated it expected to commence commercial sales in the U.S. in Q4 of 2022 and UK and Germany in H2 2023.

Achieved: The Company has made substantial advancements on the commercialization pathway for DeepView® for both DFU and burn indications in 2021. Proceeds raised from its AIM IPO, combined with two successful BARDA contracts, positions Spectral MD to accelerate commercialization and achieve key business objectives.

Outlook: The Company's primary focus in 2022 remains to develop its products towards commercialization for both DFU and burn indications. The Company will build upon its human resource capabilities and infrastructure readiness to support key commercial initiatives to distribute DeepView® in the U.S and Europe.

People/Human Resources

At IPO: At IPO, the Company had 48 full time employees. The focus for the Company was to hire personnel in all areas to permit the Company to execute its corporate objectives.

Achieved: Since IPO, the Company added 11 employees and at year end had 55 full-time employees in the US and UK, which includes key hires such as our newly appointed Chief Financial Officer and Head of UK/EU Clinical Research.

Outlook: The Company will continue to make additional hires over the course of 2022 and beyond. The new hires will be made in all areas, as needed to enable the Company to realize its technology, IP, clinical, regulatory, and commercial goals in 2022 and 2023.

Finance

At IPO: At IPO, the Company stated that it will (i) continue to fulfil its contractual obligations and meet milestones under the BARDA contract; and (ii) pursue the commercialization of the DFU application in the U.S., UK and EU.

Achieved: The Company was granted US$40.5 million of funding in 2021, including US$18.8 million post IPO, to accelerate its burn training study. In addition, through its AIM IPO it raised US$15.6 million in gross proceeds to finance clinical trials, regulatory approvals, and commercialization for our DFU indication.

Outlook: The Company has a strong current cash position of US$16.1 million which is expected to enable the Company to pursue its objectives and to enhance the prospects of its future success.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

For further information please contact:

Spectral MD Holdings, Ltd. Wensheng Fan, Chief Executive Officer Nils Windler, Chief Financial Officer	investors.spectralmd.com via Walbrook PR
SP Angel Corporate Finance LLP (NOMAD and Joint Broker) Stuart Gledhill/Caroline Rowe (Corporate Finance) Vadim Alexandre/Rob Rees (Sales & Broking)	Tel: +44 (0)20 3470 0470
Stifel Nicolaus Europe Limited (Joint Broker) Charles Hoare / Ben Maddison / Nick Harland / Will Palmer-Brown	Tel: +44 (0) 20 7710 7600
Walbrook PR Ltd (Media & Investor Relations) Paul McManus / Sam Allen Alice Woodings	Tel: +44 (0)20 7933 8780 or spectralMD@walbrookpr.com Mob: +44 (0)7980 541 893 / +44 (0)7502 558 258 +44 (0)7407 804 654

About Spectral MD

Spectral MD is a predictive analytics company that develops proprietary AI algorithms and optical technology to help clinicians make more accurate and faster treatment decisions in the wound care sector. Using its DeepView® Wound Imaging Solution, an internally developed AI technology and multispectral imaging which has FDA Breakthrough Device Designation status, the Company is able to distinguish between damaged and healthy human tissue invisible to the naked eye, providing 'Day One' healing assessments for burn wounds and diabetic foot ulcers (DFU). Spectral is headquartered in Dallas, Texas, USA. The Company has received substantial support from the U.S. government for its application to burn wounds from agencies such as Biomedical Advanced Research and Development Authority (BARDA), National Science Foundation (NSF), National Institute of Health (NIH) and Defense Health Agency (DHA). Spectral currently has signed contracts in respect of the period from 12 November 2009 to 31 December 2022, with a total value of US$100 million with significant potential future funding that remains to be awarded. On 22 June 2021, the Company completed an AIM IPO, raising gross proceeds of US$15.6 million, to support the further development of the DFU indication.

About DeepView®

DeepView® is a predictive analytics platform that combines AI algorithms and medical imaging for wound prediction. It is non-invasive, non-radiation, non-laser and does not require the use of injectable dye. This integration can be characterized into four distinct components: DeepView® imaging, data extraction, AI model building and AI wound healing prediction.

The DeepView® imaging technology consists of patented proprietary multi-spectral optics and sensors that can classify wound tissue physiology and capture the viability of various biomarkers within the skin. The imaging technology extracts appropriate clinical data, processes the image and displays a comparison of the original image next to an image with a color overlay of the non-healing portions of the wound. The image acquisition takes 0.2 seconds, and the output

takes approximately 20 to 25 seconds. DeepView®'s proprietary optics are able to extract millions of data points or AI model features from each raw image. This information is then used to build and continually improve the AI model, which is trained and tested against a proprietary database of more than 53 billion pixels with ever-growing clinically validated data points.

DeepView® is designed to enable clinicians to make a more accurate, timely and informed decision regarding the treatment of the patient's wound.

Chief Executive Officer's Statement

To the Members of Spectral MD

I am pleased to present the audited final results for the twelve months ended 31 December 2021 for Spectral MD, Holdings, Inc.. 2021 was a year focused on sizable expansion, and development of our DeepView® technology and operations.

1. In the year ended 31 December 2021 and the immediate post-period, the Company made substantial progress towards its goal of seeking FDA approval and commercialization of its DeepView® Wound Imaging Technology.
2. The Company's results, across key performance metrics, reflect both the committed dedication to our mission and operational discipline.
3. Strong financial and clinical top line results, showing excellent AI performance metrics, give the Company great confidence in the DeepView® technology. We believe it will be instrumental in disrupting current treatment pathways and improving the standard of care for many patients across multiple geographical markets, and in multiple applications.

We look forward to building upon our strong momentum, whilst continuing to collaborate with BARDA and our clinical partners to scale and advance our transformative technology.

Financial review

The Company met its 2021 milestones for both its Burn and DFU applications and was able to end the year with a higher-than-expected cash position of US$16.1 million (2020: US$5.1 million). While grant revenue of US$15.2 million (2020: US$17.3 million) was broadly in line with market expectations, expenses of US$19.2M (2020: US$15.9 million) were lower, leading to a better-than-expected negative adjusted EBITDA of US$ (3.0) million (2020: US$ 3.7 million). The unfortunate circumstances of COVID-19 and resulting limitations of travel and in-person-meetings forced us and our partners to utilize remote technology to accomplish our goal, with a corresponding reduction in costs. Furthermore, we were able to utilize our U.S. resources to drive UK related milestones given the challenging COVID-19 environment in the UK and EU, which also contributed to lower expenses.

In June 2021, we successfully raised US$15.6 million as part of our IPO on the AIM market of the London Stock Exchange. Those funds are designated for clinical trials, regulatory approvals, and commercialization efforts for our DFU application through to 2023. Despite the COVID-19 circumstances, we completed the enrollment of our DFU training study as planned. Grant revenue from BARDA remains our largest source of revenue. Following the award of the first option of our BARDA Burns contract (US$20.6 million) in March 2021, we have been successful in securing additional funding of US$18.8 million through the second option of this contract in early September 2021, six months ahead of schedule.

Burn indication

Funding

Spectral MD has received substantial support from the U.S. government with contracts from institutions such as BARDA, National Science Foundation("NSF"), National Institute of Health ("NIH") and DHA in support of the burn application for its DeepView® solution. Total grant funding awarded to date from these organizations is over US$100 million,

including US$40.5 million awarded during 2021. This grant funding is non-dilutive to our shareholders, and the Company believes it validates the important nature of its mission and technology.

Following the successful completion of the ePOC multi-center clinical study in Q1 of 2021, the Company received two additional grants, US$20.6 million in March 2021 and US$18.8 million in September 2021, to bolster the Company's existing clinical database to train the AI algorithm, and to improve the DeepView® technology in early burn wound healing assessment. The US$20.6 million contract awarded under Option 1A was exercised by BARDA in March 2021 to execute the first stage of the clinical training study to train the DeepView® AI algorithm at five sites. The contract option funding of US$18.8 million under Option 1B of the Company's current contract with BARDA was granted six months ahead of schedule, which enables Company to accelerate the initiation of the second stage of this clinical training study with confidence.

This Option 1B second stage will expand the study from five to a total of ten clinical sites, and from 100 to a total of 250 clinical subjects, and is expected to continue until Q4 2022. In the year ended 31 December 2021 and immediately post period, enrollment in the expanded clinical training study is strong and on schedule across eight clinical sites.

The updated U.S. Government Broad Agency Announcement announced in November 2021 effectively closes the door for potential competitors to Spectral MD for burn healing assessment technologies.

Clinical study results

The results from the ePOC multi-center clinical study were presented at three scientific presentations at the Southern Region Burn Conference held from 4-7 November 2021, in New Orleans, Louisiana. The top-line results showed an excellent AI performance metric. The results of the first multi-center study using Spectral MD's burn imaging technology included 124 adult and pediatric participants.

In adult participants, the performance showed 92% accuracy, with cross-validation from the AI model for identification of non-healing burn regions. This represents an improvement on the previously reported accuracy of 91% for the DeepView® Wound Imaging Solution in early healing assessment of adults.

In pediatric patients the AI performance showed 88% accuracy, underlining how the technology is responding with significant reliability to variability in the study population. Based on these strong results, the Company has bolstered its infrastructure to facilitate the expansion of the study to additional sites, and has begun enrollment in a larger study in order to complete the AI algorithm's development.

FDA communication

In the year ended 31 December 2021, the Company submitted an FDA pre-submission request. This advises the FDA that the Company will expand the clinical data set to include burn wound data from emergency departments. The Company believes that the site-of-service for the DeepView® Wound Imaging technology will be utilized in both burn care centers and emergency departments. Expanding our data set to both burn care centers and emergency departments enables the Company to reach 5,400 potential public sites of services in the United States, in fulfilment of BARDA's mass casualty countermeasures mission. The Company is excited to expand its focus to emergency departments, as it believes that DeepView® is well positioned to have a substantial impact on burn wound treatment in this setting.

DFU indication

In November 2021, the Company completed enrollment for its Institutional Review Board (IRB) approved multi-center training study to support the development of its DFU application for the DeepView® Wound Imaging System. The study enrolled a total of 150 adult subjects and was executed successfully and on schedule across six clinical sites in the US.

The DFU images and clinical data collected are currently being incorporated into the database for the development of DeepView®'s DFU algorithm. The data will also inform on key datapoints that will be captured in a planned validation study, and the incorporation of additional newly developed features. Data collected throughout the study will support the Company's applications for FDA and CE mark approval for DeepView®'s DFU indication - one of the necessary milestones required to commercialize DeepView®'s DFU application. The completion of enrollment for the multi-center study is an important milestone and illustrates how the Company is delivering on the expected milestones it outlined at the time of its AIM IPO in June 2021.

The development of the DeepView® system for the DFU application and the user interface software have seen substantial progress in 2021. Verification and validation of the user application software for DFU along with the DFU system specification capabilities were completed by the end of 2021.

Defense Health Agency (DHA)

On 23 June 2021, the Company was awarded a two-year, US$1.1 million, Sequential Phase II Small Business Technology 5 Transfer (STTR) contract by the DHA within the U.S. Department of Defense. This funding enables the Company to research and develop a fully portable, handheld version of the DeepView® solution. The Company has previously been awarded STTR Phase I and Phase II contracts from the DHA. In July 2021, the Company held a kick-off meeting with DHA to review the two-year project timeline. It is anticipated that Stage One of the study will focus on system development, Stage Two will develop a fully handheld prototype and Stage Three will be a clinical study with the Burn Center at University Medical Center New Orleans to validate the system prototype. The Sequential Phase II contract will fund all three referenced stages.

In the 12-month period ended 31 December 2021, the Company has made considerable progress in the development of the miniaturized DeepView® technology. The Company has developed an early scientific prototype of the DeepView® technology with key optical and computing capabilities in a fully handheld, portable form. Upon review in a joint meeting with the DHA, both the Company and DHA are committed to developing this into a more engineered, production-ready prototype to support upcoming clinical studies. The Company is on track to meet the milestones for the study and looks forward to the continued progression of the miniaturized version of the DeepView® technology.

Proprietary and clinically validated wound image database for AI development

As of 31 December 2021, approximately 8.1 terabytes and 174 billion pixels worth of proprietary DFU and burn data have been acquired and utilized for the deep learning algorithms training. This presents a significant barrier to entry to would-be competitors in wound care healing assessments.

Intellectual Property (IP) development

The Company places a significant emphasis on obtaining and protecting its intellectual property. In 2021, the Company filed a total of 15 new applications, including 12 foreign applications (national phase filings in the Snapshot and DFU families), two international PCT applications (wound healing prediction with optical biomarkers, and histology/burns), and one new provisional application (updated Snapshot disclosure using single aperture and multiplexed illumination).

Four new patents were allowed or issued in 2021, including a U.S. patent in the Snapshot family, a China National patent in the Multi-spectral Imaging (MSI) tissue classification family, and Japan and European patents in the original MSI+ Photoplethysmography (PPG) tissue classification family. The granted European patent has been validated in Belgium, Germany, France, and the UK.

The Company has the following eight active patent application families:

- Burn/Wound classification on MSI and PPG
- Tissue classification on MSI and PPG
- Amputation site analysis on MSI, machine learning and healthcare matrix
- DFU healing potential prediction and wound assessment on MSI, machine learning and healthcare matrix
- High-precision, multi-aperture, MSI snapshot imaging
- Wound assessment on MSI, optical biomarkers, and machine learning
- Burn/Histology assessment on MSI and machine learning
- High-precision single-aperture snapshot imaging with multiplexed illumination

People and Organization

Continuing to build a focused and highly skilled team is critical to our growth. The Company added 27 employees during the fiscal year 2021 and currently has 55 full-time employees in the U.S. and UK and has and will continue to make additional hires over the course of 2022 and beyond. The new hires will be made in all areas, though in particular in operations, sales, marketing, and government contracts. This will further enable the Company to meet its technology, IP, clinical, regulatory, and commercial goals in 2022 and 2023.

In December 2021, the Company was pleased to announce the appointment of Nils Windler as Chief Financial Officer. Mr. Windler specializes in healthcare and life sciences and has more than 20 years' finance and operations experience. In addition, Mr. Windler has a successful track record of leveraging his financial, operations and sales experience to drive revenue growth and to enhance profitability and has overseen organizational transformation at the previous companies at which he has served. He also has built a considerable reputation and expert knowledge having worked for multiple global organizations and has been responsible for business transformation at high growth companies. We are confident that his strong financial acumen, proven track record, and deep understanding of our industry makes him an ideal fit to lead Spectral MD's financial team. I look forward to working closely with Nils to accelerate commercialization, to execute our business initiatives, and to pursue our routes to markets.

Business outlook

The Company continues to believe that it has developed a unique diagnostic imaging solution that has no direct competition in the assessment of wound healing potential. Given the large addressable DFU market and the potential of the BARDA contract, the Company is optimistic that DeepView® has the potential to disrupt current treatment pathways, and to improve the standard of care for many patients across multiple geographical markets and applications. During 2021, the Company achieved several important milestones, and it remains highly focused on its goal of commercializing its transformative DeepView® technology. The Company is confident that it will continue to

build upon the expansion and development it experienced in 2021. We are well-placed to address challenges and opportunities, based on underlying financial strength, a resilient organization, a validated technology, and a diversified business model.

Burn

We look forward to successfully completing the Options 1A and 1B 250 subject clinical study. Upon successful completion of the study, the Company expects to see high performing algorithm results across demographic and geographic variability in the study population. The Company is excited for the continued collaboration with BARDA, as we work together into the next contract phase. Spectral MD is in constant communication with BARDA to further develop our human resource leadership and infrastructure readiness for a federal level commercial contract. The Company is committed to up-scaling its operations and infrastructure to support BARDA's procurement needs to distribute the DeepView® technology into clinics in the United States.

DFU

In 2022, the Company will start, and expects to finish, the validation study for the DFU AI algorithm in the U.S.. Further, in Q2 of 2022 the Company expects to start the DFU clinical study in the EU, where the data collected will be combined and compared with U.S data to expand DeepView® readiness in both the U.S. and CE marked regions. The Company is optimistic about the potential to accelerate the development of the DFU application and to expand into the UK and EU.

DHA

The Company believes that the recently awarded DHA contract has potential for U.S. Government procurement by the U.S. military and first responders as well as other militaries in the world, as permitted by law. A fully hand-held version of DeepView® not only expands the market to the U.S. military, but also has the potential to enable in-home use for DFU and other consumer applications, beyond the anticipated DHA applications. In 2022, we will continue to build upon the great progress achieved in 2021, towards the realization of a miniaturized device. The Company will continue to develop the early scientific prototype into a more engineered, production-ready prototype to support clinical studies. The Company is on track to meet the milestones for the study and looks forward to the continued progression of the miniaturized version of the DeepView® technology.

Commercialization

The Company's primary focus for 2022 is the accelerated commercialization for both DFU and burn indications. We look forward to the planned validation study, now expected to start around late Q2 in 2022. Data collected will support the Company's applications for FDA and CE mark approval for DeepView®'s DFU indication, one of the necessary milestones required to commercialize DeepView®'s DFU application. The Company is firmly focused on developing its resource infrastructure in a timely manner to prepare for the needs of a potential procurement contract with the U.S federal government. The Company expects that realization of each milestone will create significant value for the Company in commercializing its technology.

Financial

Throughout 2021, the Company demonstrated its financial stability and the value which it can generate, even during a pandemic environment. The Company will continue to build on the Option 1A and 1B funding under the BARDA contract throughout the rest of 2022 and into 2023 to drive the clinical training study of the DeepView® Wound Imaging

Solution. The Company has a strong cash position of US$16.1 million at 31 December 2021, which will enable it to pursue its objectives and to realize its commercial opportunities.

R&D outlook

Based on the existing platform in development for chronic DFU and acute burn wounds, the Company sees the potential to expand into other wound types such as Venous Leg Ulcers, Critical Limb Ischemia, and Amputation. Furthermore, future generations of the Company's algorithm potentially enable its utilization in the early detection and prevention of wounds, supporting wound treatment decision making, and in the provision of valuable information in the follow up evaluation of the therapy efficiency as well as in the insurance reimbursement process.

Closing statements

The Company has made substantial advances towards commercialization of DeepView® for both burn and DFU indications. Gross proceeds raised at the time of IPO of US$15.6 million combined with two successful BARDA contract awards positions Spectral MD to accelerate commercialization and achieve key business objectives in 2022.

We believe a critical metric in this phase of our Company's history is ongoing government grant support, primarily from BARDA, but also from other sources. This non-dilutive grant funding, over US$100 million which has been awarded since the Company's inception and US$40.5 million which was awarded in 2021, enables Spectral MD to conduct important R&D efforts, and to develop and improve the Company's AI and optical technology performance. We believe that these R&D efforts also materially enhance the likely success of our future regulatory and commercial prospects.

Our primary focus is on achieving the core business objectives which we set out for the Company in its AIM admission document. We continue to opportunistically evaluate additional indications, market opportunities and other initiatives that may enhance our potential for commercial success and shareholder value.

Wensheng Fan

Chief Executive Officer
21 March 2022

Business Risks

The Company continues to assess, monitor, and mitigate the risks in the business. The principal risks, as reported in the corporate governance section of the AIM admission document, ***remain unchanged***. The principal risks, and the current assessment of the risk status and mitigation effectiveness are listed in the table below.

Risk	Description	Risk Status	Mitigation	Mitigation Effectiveness
BARDA	Burn development is heavily dependent on BARDA funding	Unchanged	Maintaining strong relationships and project focus	Effective – entered Option 1A commencing March 2021 and Option 1B in September 2021
DHA	Development of a handheld device is reliant on funding	Unchanged	Maintaining strong relationships and project focus	Effective – entered Phase II contract in June 2021
Loss of a major customer	No commercial sales have been made; almost all revenue from fixed fees and costs payable by BARDA	Unchanged	Maintaining a strong relationship with BARDA and expect diversification of customers in future years following commercialization	Effective - entered Option 1A commencing March 2021 and Option 1B in September 2021
Commercial	The DeepView® system has yet to be launched into the U.S., UK, EU and other markets and so adoption and market penetration can only be estimated	Unchanged	Maintaining strong relationships and project focus	Effective – expanding London office, establishing an EU presence in Dublin, Ireland, and engaging with potential CRO's in both EU and UK
Research and development	Complex scientific research is necessary in the life sciences and medical device development sector	Unchanged	Recruiting and retaining highly skilled employees	Effective – hired 27 new employees with world leading capabilities in 2021
Product development timelines	Unpredictability of the rate of patient recruitment into clinical trials	Unchanged	Maintaining strong relationships and project focus	Effective – on schedule with trials
Regulatory approvals and compliance	Obtain various regulatory approvals	Unchanged	Conducting thorough clinical and product market research and	Effective – engaged in regular discussion to update FDA and

	(including the FDA and EMA approvals)		maintain strong relationship with regulatory authorities	established partnerships with world leading expert teams of scientific and regulatory affairs staff, including recently hired Director of Regulatory Affairs
Technological change	Changing customer requirements and the introduction of products or services or enhancements embodying new technology	Unchanged	Continues to invest in technical developments and apply for patents	Effective – issued additional patents in 2021
Reimbursement	Pending Medicare approval of the Medicare coverage of innovative technologies (MCIT) reimbursement pathway for FDA breakthrough designated devices	Unchanged	Continue to monitor Medicare's assessment process	Effective – provides a guaranteed pathway for coding, coverage and payment for DeepView®'s burn application, hired a VP of Commercialization and Marketing to start in April 2022

SUPPLEMENTARY INFORMATION- DEFINITIONS AND RECONCILIATIONS OF NON-GAAP MEASURES

Non-GAAP measures as defined by the Company

The Company uses adjusted EBITDA as a non-GAAP metric when measuring performance, including when measuring current period results against prior periods adjusted EBITDA.

Because of their non-standardized definitions, non-GAAP measures (unlike GAAP measures) may not be comparable to the calculation of similar measures of other companies. Supplemental non-GAAP measures are presented solely to permit investors to more fully understand how Spectral MD management assesses underlying performance. Supplemental non-GAAP measures are not, and should not be viewed as, a substitute for GAAP measures.

Adjusted EBITDA

The Company defines adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") as net income/(loss) excluding income taxes, depreciation of property, plant and equipment (including any related impairment charges), amortization of intangible assets (including any related impairment charges), interest expense, stock compensation, any non-operating financial income and expense.

Independent Auditors' Report

The Board of Directors
Spectral MD Holdings, Ltd:

Opinion
We have audited the consolidated financial statements of Spectral MD Holdings, Ltd and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive (loss) income, changes in temporary equity and stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ KPMG LLP

Dallas, Texas
March 18, 2022

Spectral MD Holdings, Ltd.
Consolidated Balance Sheets as of December 31, 2021

	2021	*2020*
	US$	*US$*
Assets		
Current assets:		
Cash and cash equivalents	16,120,779	5,124,639
Accounts receivable, net	1,434,954	2,690,911
Prepaid expenses and other current assets	857,666	92,868
Total current assets	18,413,399	7,908,418
Non-current assets:		
Property and equipment, net	31,593	-
Other noncurrent assets	39,695	31,046
Total Assets	18,484,687	7,939,464
Liabilities, temporary equity and stockholders' equity		
Current liabilities:		
Accounts payable	1,740,217	3,799,208
Accrued expenses	2,390,687	1,122,129
Notes payable	582,698	-
Warrant liability	185,724	-
Total current liabilities	4,899,326	4,921,337
Non-current liabilities:		
Notes payable	-	768,575
Total non-current liabilities	-	768,575
Total Liabilities	4,899,326	5,689,912
Series A preferred stock ($0.001 par value); no shares authorized, issued or outstanding as of December 31, 2021; 10,000,000 shares authorized and 4,324,330 shares issued and outstanding as of December 31, 2020	-	1,113,987
Stockholders' Equity		
Common stock ($0.001 par value); 400,000,000 shares authorized; 135,034,564 shares and 61,347,000 shares issued and outstanding as of December 31, 2021 and 2020, respectively	135,035	61,347
Additional paid-in capital	22,639,625	6,096,178
Accumulated deficit	(9,189,292)	(5,021,960)
Accumulated other comprehensive loss	(7)	-
Total Stockholders' equity	13,585,361	1,135,565
Total Liabilities, Temporary Equity and Stockholders' Equity	18,484,687	7,939,464

See accompanying notes to the consolidated financial statements

Spectral MD Holdings, Ltd.
Consolidated Statements of Operations and Comprehensive (Loss) Income
For the Years Ended December 31, 2021

	2021 *US$*	*2020* *US$*
Research and development revenue	15,167,827	17,300,884
Cost of revenue	(8,186,698)	(9,314,427)
Gross profit	6,981,129	7,986,457
Operating costs and expenses:		
General and administrative	11,326,513	6,537,687
Total operating costs and expenses	11,326,513	6,537,687
Operating income (loss)	(4,345,384)	1,448,770
Other income (expense):		
Interest expense	(17,342)	(39,839)
Change in fair value of warrant liability	297,779	-
Foreign exchange transaction loss	(187,582)	-
Other income	-	426
Total other income (expense)	92,855	(39,413)
(Loss) income before income taxes	(4,252,529)	1,409,357
Benefit (provision) for income taxes	97,525	(174,626)
Net (loss) income	(4,155,004)	1,234,731
Dividend on Series A preferred stock	(1,258,959)	-
Net (loss) income applicable to common stockholders	(5,413,963)	1,234,731
Other comprehensive loss		
Foreign currency translation adjustment	(7)	-
Total comprehensive (loss) income applicable to common stockholders	(5,413,970)	1,234,731
Net (loss) income per share of common stock		
Basic	(0.05)	0.02
Diluted	(0.05)	0.00
Weighted average common shares outstanding		
Basic	100,291,815	57,897,520
Diluted	100,291,815	132,856,898

See accompanying notes to the consolidated financial statements

Spectral MD Holdings, Ltd.
Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Deficit)
For the Years Ended December 31, 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
		US$		US$	US$	US$	US$	US$
Balance at December 31, 2019	4,324,330	1,113,987	53,809,092	53,809	3,481,825	(6,256,691)	-	(2,721,057)
Issuance of common stock to convert notes payable and accrued interest to related parties	-	-	1,754,790	1,755	357,977	-	-	359,732
Stock option exercised for cash	-	-	1,980,000	1,980	44,220	-	-	46,200
Stock compensation	-	-	3,803,118	3,803	2,212,156	-	-	2,215,959
Net income	-	-	-	-	-	1,234,731	-	1,234,731
Balance at December 31, 2020	4,324,330	1,113,987	61,347,000	61,347	6,096,178	(5,021,960)	-	1,135,565
Issuance of common stock for cash	-	-	19,067,797	19,068	15,594,808	-	-	15,613,876
Issuance cost, net of $0.5 million warrant liability	-	-	-	-	(1,479,218)	-	-	(1,479,218)
Cumulative dividend on Series A preferred stock	-	1,258,959	-	-	(1,258,959)	-	-	(1,258,959)
Conversion of preferred stock to common stock	(4,324,330)	(2,372,946)	53,889,765	53,890	2,319,056	-	-	2,372,946
Stock option exercised for cash	-	-	42,500	43	4,383	-	-	4,426
Stock compensation	-	-	687,502	687	1,363,377	-	-	1,364,064
Foreign currency translation adjustment	-	-	-	-	-	-	(7)	(7)
Prior period adjustment	-	-	-	-	-	(12,328)	-	(12,328)
Net loss	-	-	-	-	-	(4,155,004)	-	(4,155,004)
Balance at December 31, 2021	-	-	135,034,564	135,035	22,639,625	(9,189,292)	(7)	13,585,361

Spectral MD Holdings, Ltd.
Statements of Cash Flows
For the Years Ended December 31, 2021

	2021	*2020*
	US$	*US$*
Cash flows from operating activities:		
Net (loss) income	(4,155,004)	1,234,731
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation expense	723	-
Stock based compensation	1,364,064	2,215,959
Change in fair value of warrant liability	(297,779)	-
Changes in operating assets and liabilities:		
Accounts receivable	1,255,957	(1,913,451)
Prepaid expenses and other current assets	(275,228)	8,580
Other assets	(8,649)	-
Accounts payable	(2,071,319)	2,574,387
Accrued expenses	1,268,558	(300,634)
Net cash (used in) provided by operating activities	(2,918,677)	3,819,572
Cash flows from investing activity:		
Purchases of property and equipment	(7,216)	-
Net cash used in investing activity	(7,216)	-
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrant, net of issuance costs	14,618,161	-
Proceeds from PPP loan	-	768,575
Proceeds from stock option exercise	4,426	46,200
Payments for notes payable	(700,547)	-
Payments for notes payable to related parties	-	(280,000)
Net cash provided by financing activities	13,922,040	534,775
Effect of foreign exchange rates on cash	(7)	-
Net increase in cash and cash equivalents	10,996,140	4,354,347
Cash and cash equivalents, beginning of period	5,124,639	770,292
Cash and cash equivalents, end of period	16,120,779	5,124,639
Supplemental cash flow information:		
Cash paid for interest	12,220	18,500
Cash paid for income taxes	254,963	12,989
Noncash financing activities disclosure:		
Cumulative dividend on Series A preferred stock	1,258,959	-

Conversion of preferred stock to common stock	2,372,946	-
Prepaid asset acquired for debt	473,913	-
Software and prepaid software maintenance acquired for debt	40,757	-
Issuance of common stock to convert notes payable and accrued interest to related parties	-	359,732

See accompanying notes to the consolidated financial statements

1. Organization, Nature of Business and Liquidity

Spectral MD, Inc., headquartered in Dallas, Texas, was incorporated in Delaware on March 9, 2009.

On December 23, 2020, the Company formed its wholly-owned subsidiary in Delaware, Spectral MD Holdings, Ltd. (the "Company"). The subsidiary had no activity through December 31, 2020.

On June 21, 2021, Spectral MD Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and wholly owned subsidiary of Spectral MD Holdings, Ltd., merged with and into Spectral MD, Inc. Following the merger, the separate corporate existence of Merger Sub ceased and Spectral MD, Inc. continued as the surviving corporation and through the merger became a wholly owned subsidiary of the Company. In connection with the merger, each share of the Spectral MD, Inc.'s common stock and the Spectral MD, Inc.'s preferred stock issued and outstanding immediately prior to the effective date were converted into one share of Common Stock. All of the stockholders of the Spectral MD, Inc. prior to the merger became stockholders of the Company immediately following the merger. All existing Common Stock of the Company held by the Spectral MD, Inc. were cancelled at the effective date of the merger.

On June 22, 2021, the Company was listed and started trading on the AIM market of the London Stock Exchange (the "AIM").

Effective June 21, 2021, all shares of the Company's common stock issued and outstanding were combined and reclassified on a six for one basis. The effect of this stock split has been retroactively applied to all periods presented

On July 22, 2021, the Company formed its wholly-owned subsidiary in the UK, Spectral MD UK Ltd., ("Spectral MD UK") in order to prepare for and initiate the regulatory approval process in the E.U. and U.K.

The Company is devoting substantially all of its efforts towards research and development of its DeepView® Wound Imaging System. The Company has not generated any product revenue to date. The Company currently generates revenue from contract development and research services by providing such services to governmental agencies, primarily to the Biomedical Advanced Research and Development Authority ("BARDA"). The Company operates in one segment.

Liquidity

As of December 31, 2021 and 2020, the Company had approximately US$16.1 million and US$5.1 million, respectively in cash, and an accumulated deficit of US$8.9 million and US$5.0 million, respectively. The Company has historically funded its operations through the issuance of notes and the sale of preferred stock and common stock. In July 2021, the Company received net proceeds of approximately US$14.6 million from its initial public offering ("IPO") on the AIM on June 22, 2021 (see Note 3). Additionally, during 2021, the Company finalized its execution of Options 1A and 1B of the contract with BARDA, which may provide the Company with an additional US$39.4 million to execute the clinical training study of DeepView® Wound Imaging System for burn wound healing assessment. This contract option funding of

US$39.4 million follows the US$27.3 million contract received from BARDA in July 2019 in the original award. In total, the contract has a potential funding of up to US$88.7 million if all future options are executed.

The Company evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year beyond the release date of the consolidated financial statements. Based on such evaluation and the Company's current plans as described above, management believes that the Company's existing working capital as of December 31, 2021, will be sufficient to satisfy its operating cash needs within one year beyond the release date of the consolidated financial statements.

During the early months of 2020, COVID-19 emerged and has subsequently spread world-wide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining people who may have been exposed to the virus. Management has determined that there has been no significant impact to the Company's operations, however management continues to monitor the situation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Spectral MD, Inc. and Spectral MD UK. Significant inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's balance sheets and the amounts of expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, revenue recognition, warrant liability, stock-based compensation expense, and income tax valuation allowances. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. All cash and cash equivalents are held in United States financial institutions.

Accounts Receivable

Accounts receivable represent amounts due from U.S. government agencies pursuant to research and development contracts associated with the Company's DeepView® Wound Imaging System. Accounts receivable amounted to approximately US$1.4 million and US$2.7 million as of December 31, 2021 and 2020, respectively.

The Company evaluates the collectability of its receivables based on a variety of factors, including the length of time the receivables are past due, the financial health of its customers and historical experience. Based upon the review of these factors, the Company recorded no allowance for doubtful accounts as of December 31, 2021 and 2020.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents and accounts receivable. All cash and cash equivalents are held in United States financial institutions which, at times, exceed federally insured limits. The Company has not recognized any losses from credit risks on such accounts. The Company believes it is not exposed to significant credit risk on cash and cash equivalents.

Additional credit risk is related to the Company's concentration of receivables. As of December 31, 2021 and 2020, receivables were concentrated from one customer (which is a U.S. government agency) representing 94% and 99% of total net receivables, respectively. No allowance for doubtful accounts were recorded as of December 31, 2021 and 2020.

One customer (which is a U.S. government agency) accounted for 98% of the recognized research and development revenue for each of the years ended December 31, 2021 and 2020.

Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets that are assessable at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Fair Value of Financial Instruments

Financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are carried at cost, which management believes approximates fair value due to the short-term nature of these instruments.

Foreign Currency

The reporting currency for the consolidated financial statements of the Company is the U.S. dollar. The functional currency of Spectral MD Holdings, Ltd. is the U.S. dollar. The functional currency of the Company's subsidiaries is the local currency of the subsidiaries. The assets and liabilities of this subsidiary is translated into U.S. dollars at exchange rates in effect at the end of each reporting period. Revenues and expenses for these subsidiaries are translated at average exchange rates in effect during the applicable period. Translation adjustments are included in accumulated other comprehensive income as a component of stockholders' equity.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated at exchange rates in effect at the balance sheet date. Resulting unrealized gains and losses are included in other income, net in the consolidated statements of operations. For the year ended December 31, 2021, the Company recorded a $160,782 foreign exchange transaction loss, primarily related to the Company's bank account denominated in British Pounds, included in foreign exchange transaction loss on the consolidated statement of operations and comprehensive (loss) income. The Company did not have any foreign exchange transaction gains or losses for the year ended December 31, 2020.

Derivative Liabilities

The Company does not generally use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. During the year ended December 31, 2021, the Company entered into one derivative instrument, to set a foreign currency exchange rate, that settled during the year. The accounting for changes in fair value of derivatives depends on the intended use of the derivative and resulting designation. The Company did not designate its derivative instrument as a hedge for accounting purposes and, as a result, marked its derivative instrument to fair value and recognized a change in fair value of $26,800 included in foreign exchange transaction loss in the consolidated statement of operations and comprehensive (loss) income.

The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and FASB ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The classification of

derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. The Company accounts for its warrants issued to SP Angel, who acts as nominated adviser and broker to the Company for the purposes of the AIM Rules as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the instruments as liabilities at fair value, determined using the Black-Scholes option-pricing model, and adjusts the instruments to fair value at the end of each reporting period. The liabilities are subject to re-measurement at each consolidated balance sheet date until exercised, and any change in fair value is recognized in the Company's consolidated statements of operations.

Research and Development Revenue

The Company recognizes revenue when the Company's customers obtain control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services by analyzing the following five steps: (1) identify the contract with a customer(s); (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. In order to transfer control to the customer for contract development and manufacturing services, the Company must have a present right to payment, legal title must have passed to the customer, and the customer must have the significant risks and rewards of ownership. Research and development revenue contracts are generally recognized based upon the cost-to-cost measure of progress, provided that the Company meets the criteria associated with transferring control of the good or service over time.

The Company generates research and development revenue primarily from cost-plus-fee contracts associated with development of certain product candidates. Revenues from reimbursable contracts are recognized as costs are incurred, generally based on allowable costs incurred during the period, plus any recognizable earned fee. The Company uses this input method to measure progress as the customer has the benefit of access to the development research under these projects and therefore benefits from the Company's performance incrementally as research and development activities occur under each project. We consider fixed fees under cost-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. Revenue for long-term development contracts is considered variable consideration because the deliverable is dependent on the successful completion of development and is generally recognized based upon the cost-to-cost measure of progress, provided that the Company meets the criteria associated with satisfying the performance obligation over time. The Company was awarded multiyear contracts in 2019 and 2021 by BARDA for the development of the Company's DeepView® Wound Imaging Solution. BARDA may award contracts that are less than 12 months depending on the scope of work and deliverables.

Payments from customers are generally received within 30 days of when the invoice is sent.

Because the Company's contracts have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations.

Research and Development

The Company expenses research and development costs as operating expenses as incurred. These expenses include salaries for research and development personnel, consulting fees, product development, pre-clinical studies, clinical trial costs, and other fees and costs related to the development of the technology.

Stock-Based Compensation

The Company accounts for all stock-based payments to employees and non-employees, including grants of stock options, restricted stock awards ("RSAs") and stock options with non-market performance conditions ("PSOs") to be recognized in the consolidated financial statements, based on their respective grant date fair values. The Company estimates the fair value of stock option grants and PSOs using the Black-Scholes option pricing model. The RSAs are valued based on the fair value of the Company's common stock on the date of grant. The assumptions used in calculating the fair value of the Company's stock and stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. The Company expenses stock-based compensation related to stock options and RSAs over the requisite service period. As the PSOs have performance conditions, compensation expense is recognized for each award if and when the Company's management deems it probable that the performance conditions will be satisfied. Forfeitures are recorded as they occur. Compensation previously recorded for unvested equity awards that are forfeited is reversed upon forfeiture. The Company expenses stock-based compensation to employees over the requisite service period, on a straight-line basis, based on the estimated grant-date fair value of the awards.

Income Taxes

Income taxes are recorded in accordance with ASC 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. The Company has no uncertain tax positions as of December 31, 2021 and 2020 that qualify for either recognition or disclosure in the consolidated financial statements under this guidance.

The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations. There were no amounts accrued for interest or penalties for the years ended December 31, 2021 and 2020.

Net (Loss) Income per Share of Common Stock

Basic net (loss) income per share of common stock is computed by dividing the net (loss) income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted (loss) income per share of common stock adjusts basic earnings per share for the potentially dilutive impact of unvested restricted stock, stock options, warrants and preferred stock. Dilutive securities having an anti-dilutive effect on diluted net earnings per share are excluded from the calculation. The dilutive effect of the unvested restricted stock and stock options, are calculated using the treasury stock method. For warrants that are liability-classified, during periods when the impact is dilutive, the Company assumes share settlement of the instruments as of the beginning of the reporting period and adjusts the numerator to remove the change in fair value of the warrant liability and adjusts the denominator to include the dilutive shares calculated using the treasury stock method. The Company applies the if-converted method to compute the potentially dilutive effect of the Series A preferred stock.

Recently Adopted Accounting Standards

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The Company adoption of this standard on January 1, 2021 did not have an effect on its consolidated financial statements as it did not change the way collaborative development services and the related costs of these services are reflected in the Company's consolidated financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. ASU 2016-02 will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The Company will adopt ASU 2016-02 on January 1, 2022. The Company does not expect ASU 2016-02 to have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*, which was subsequently amended by ASU 2018-19 and ASU 2019-10. This standard requires the measurement of expected credit losses for financial instruments carried at amortized cost held at the reporting date based on historical experience, current conditions and reasonable forecasts. The updated guidance also amends the current other-than-temporary impairment model for available-for-sale debt securities by requiring

the recognition of impairments relating to credit losses through an allowance account and limits the amount of credit loss to the difference between a security's amortized cost basis and its fair value. In addition, the length of time a security has been in an unrealized loss position will no longer impact the determination of whether a credit loss exists. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. With the issuance of ASU 2019-10 in November 2019, the standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2022. The Company will continue to assess the possible impact of this standard, but currently does not expect the adoption of this standard will have a significant impact on its consolidated financial statements, given its limited history of bad debt expense relating to trade accounts receivable.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. The ASU is effective for the Company on January 1, 2024. Early adoption is permitted, but no earlier than January 1, 2021. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

3. Initial Public Offering

The Company completed its initial public offering on AIM on June 22, 2021. The Company issued 19,067,797 shares of common stock for net proceeds of approximately US$14.6 million after deducting offering expenses of approximately US$1.0 million incurred by the Company (the "Offering"). The Company also issued 762,712 warrants to SP Angel, who acts as nominated adviser and broker to the Company for the purposes of the AIM Rules at the Placing Price. The initial fair value of warrants was approximately US$0.5 million (see Note 4). The proceeds of the Offering will be primarily used for Diabetic Foot Ulcer ("DFU") clinical trials in the United States (U.S.) and Europe, and FDA clearance in the U.S. and CE Mark application and approval in Europe to use DeepView for DFU application.

4. Fair Value Measurements

The following table presents information about the Company's financial liabilities that are measured at fair value on a recurring basis as of December 31, 2021, by level within the fair value hierarchy:

	Fair value measured at December 31, 2021			
	Fair value at December 31, 2021 US$	Quoted prices in active markets (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$
Warrant Liability	$ 185,724	$ -	$ -	$ 185,724

There were no transfers between Level 1, 2 or 3 during the year ended December 31, 2021. There was no warrant liability in 2020.

The following table presents changes in Level 3 liabilities measured at fair value for the year ended December 31, 2021 (in US$).

Balance - January 1, 2021	$	-
Issuance of warrants		483,503
Change in fair value		(297,779)
Balance - December 31, 2021	$	185,724

Both observable and unobservable inputs were used to determine the fair value of positions that the Company has classified within the Level 3 category. Unrealized gains and losses associated with liabilities within the Level 3 category include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long- dated volatilities) inputs.

The following table provides quantitative information regarding Level 3 fair value measurements inputs at their measurement:

	December 31, 2021	*June 16, 2021*
Strike price (per share in US$)	$ 0.80	$ 0.89
Contractual term (years)	5.5	6.0
Volatility (annual)	67.6%	85.0%
Risk-free rate	1.3%	0.9%
Dividend yield (per share)	0.0%	0.0%

5. Research and Development Revenue

For the years ended December 31, 2021 and 2020, the Company's revenues disaggregated by the major sources was as follows:

	2021 US$	*2020 US$*
BARDA	14,897,161	17,037,784
Other U.S governmental authorities	270,666	263,100
Total revenue	15,167,827	17,300,884

6. Accrued Expenses

Accrued expenses consist of the following as of December 31, 2021 and 2020:

	2021	*2020*
	US$	*US$*
Salary and wages	896,200	619,510
Provision operating expenses	700,224	-
Benefits	469,518	302,540
Franchise tax	291,425	-
Deferred rent	22,623	32,867
Accrued interest	10,697	5,575
Income tax	-	161,637
Total accrued expenses	2,390,687	1,122,129

7. Notes Payable and Notes Payable to Related Parties

Notes Payable

PPP Loan

On April 13, 2020, the Company entered into a promissory note with JPMorgan Chase Bank, N.A., as lender, pursuant to the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") for US$768,575 (the "PPP Loan"). The PPP Loan, which matures on April 13, 2022 and bears interest at 1% per annum, can be prepaid at any time prior to maturity with no prepayment penalties. The Company could defer interest and principal payments until September 13, 2021. Beginning on September 13, 2021, the Company was required to make equal monthly payments of principal and interest until the loan maturity on April 13, 2022. The PPP Loan is subject to customary terms for payment defaults and breaches of representations and warranties. The Company did not request the PPP Loan to be forgiven. During 2021, the Company repaid US$355,270 of principal and interest for the PPP Loan. As of December 31, 2021 and 2020, the remaining principal is US$415,500 and US$768,575, respectively, and accrued interest is US$10,586 and US$5,554, respectively, for the PPP Loan.

Insurance Note

On June 21, 2021, the Company entered into a financing agreement for a portion of its insurance premium for US$473,913 ("Insurance Note"). The Insurance Note bears interest at 5.7% per annum and is payable in nine equal monthly payments of principal and interest beginning on July 21, 2021. As of December 31, 2021, the remaining principal is US$160,405.

Software Note

On February 28, 2021, the Company entered into a note for the purchase of software of US$40,757 ("Software Note") which is due in six equal payments beginning September 1, 2021. The imputed interest for the Software Note is immaterial. As of December 31, 2021, the remaining principal is US$6,793.

Notes Payable to Related Parties

2019 Notes Payable to Related Parties

On August 7, 2019, the Company entered into two promissory notes (the "Notes") with Granicus IP, LLC, an entity owned by the Company's then Chairman of the Board, and John H and Marcia Kirk Stevens Family Trust, an entity owned by the Company's then board member, each for US$100,000. The Notes bore interest at 10% per annum and were due on demand. During 2020, the Company repaid the Notes for US$218,500, including principal and accrued interest.

2013 Notes Payable to Related Parties

During 2013, the Company entered into two demand notes (the "2013 Notes") with Erich Spangenberg, a shareholder of the Company, and LSC Holding, LLC, an entity affiliated with a shareholder of the Company, for US$136,220 and US$150,000, respectively, that bore interest at 7% per annum and 8% per annum, respectively.

During 2020, the Company issued 1,754,790 shares of its common stock to related parties to extinguish outstanding principal and accrued interest of US$359,732 and paid cash of US$80,000 for the remaining balance of the 2013 Notes.

The following table summarizes interest expense included in the consolidated statements of operations and comprehensive (loss) income for the years ended December 31, 2021 and 2020:

	2021	*2020*
	US$	*US$*
PPP loan	7,317	5,575
Insurance premium financing	10,025	-
2019 Notes payable to related parties	-	11,833
2013 Notes payable to related parties	-	19,461
Interest charge on credit card	-	2,970

Total interest expense	17,342	39,839

8. Commitments

Legal Matters

The Company is not currently subject to any material legal proceedings; however, the Company may from time to time become a party to various legal proceedings arising in the ordinary course of the Company's business.

Leases

In August 2017, the Company assumed a lease for its principal office in Dallas, Texas, which expires on March 1, 2023. Base rent in connection with the lease is US$47,645 per month, as of December 31, 2021. During 2021, the Company also entered into a short-term lease agreement for office space and property in the United Kingdom.

The Company recorded rent expense of US$779,812 and US$663,746 for the years ended December 31, 2021 and 2020, respectively.

Future minimum payments under the Company's lease agreement, as of December 31, 2021 is as follows:

	2021
	US$
2022	579,189
2023	96,780
Total	675,969

9. Preferred Stock

Effective June 21, 2021, the Company increased its authorized shares for preferred stock to 10,000,000 shares.

The preferred stock had the following key terms:

Liquidation: In the event of certain voluntary or involuntary acquisition or sale transactions or upon the liquidation, dissolution or winding up of the Company (each, a "Distribution Event"), the holders of Series A preferred stock were entitled to receive out of the proceeds or assets of the Company legally available for distribution to its shareholders (the "Proceeds"), prior and in preference to any distribution of the Proceeds of such Distribution Event to the holders of common shares by reason of their ownership thereof, an amount per share equal to the Liquidation Value per share, plus a cumulative preference of 8% per annum, compounded annually from the date of issuance of the Series A preferred stock (collectively, the "Distribution Preference Amount"). In the event that the Proceeds shall be insufficient to enable the distribution in full of the Distribution Preference Amount to the holders of the Series A

preferred stock for all of the preferred shares held by them, all of the Proceeds shall be distributed among the holders of Series A preferred stock on a pro rata, as-converted basis. Upon completion of the distribution required to the holders of Series A preferred stock, all of the remaining Proceeds available for distribution to shareholders shall be distributed among the holders of common shares pro rata based on the number of common shares held by each such holder.

The aggregate liquidative value of the Series A preferred stock was $2,283,845 as of December 31, 2020.

Conversion: At any time after issuance, the Series A preferred stock was convertible, in whole or in part, into shares of the Company's common stock at the option of the Holder. Each Series A preferred share was automatically converted into common stock of the Company upon the closing a firmly underwritten public offering netting proceeds of at least $25 million at an offering price calculated based on a Company valuation of at least $150 million, and approved by holders of the Series A preferred stock. The number of shares of common stock issuable upon a conversion was determined by (i) multiplying the number of shares of preferred stock to be converted by the Liquidation Value, (ii) adding to the result a cumulative preference of 8% per annum, compounded annually from the date of issuance of the Series A preferred stock, and then (iii) dividing the result by the conversion price in effect immediately prior to such conversion. The conversion price of the Series A preferred stock is $0.2642 per share, subject to adjustment for stock dividends, reclassifications, recapitalizations and combinations.

Immediately prior to the Offering, all outstanding shares of Series A preferred stock and unpaid cumulative dividend were converted into 53,889,765 shares of common stock.

Voting: Holders of Series A preferred stock voted on as-converted basis and have full voting rights and powers equal to the voting rights and powers of the holders of common shares, voting as a single class. Holders representing a Series A preferred majority, exclusively and as a separate class, were entitled to elect two (2) directors of the Company.

As of December 31, 2021, there were no outstanding preferred stock.

10. Stockholders' Equity

The Company was authorized to issue 400,000,000 and 25,000,000 shares of common stock, par value US$0.001 per share, as of December 31, 2021 and 2020, respectively. The Company had 135,034,564 and 61,347,000 shares of common stock issued and outstanding as of December 31, 2021, and 2020, respectively.

During the year ended December 31, 2021, the Company issued 19,067,797 shares of common stock for net proceeds of approximately US$14.6 million after deducting offering expenses of approximately US$1.0 million incurred by the Company. During the year ended December 31, 2021, the Company issued 42,500 shares of common stock for aggregate proceeds of US$4,426 from stock option exercises. During the year ended December 31, 2020, the Company issued 1,980,000 shares of common stock for aggregate proceeds of US$46,200 from stock option exercises.

During the year ended December 31, 2020, the Company issued 1,754,790 shares of its common stock to related parties to extinguish outstanding principal and accrued interest of US$359,732 of loans to related parties.

11. Stock-based Compensation

2018 Long Term Incentive Plan

On July 24, 2018, the Company's' Board adopted the 2018 Long Term Incentive Plan (the "2018 Plan") which permits granting of incentive stock options (they must meet all statutory requirements), non-qualified stock options, stock appreciation rights, restricted stock, stock units, performance shares, performance units, incentive bonus awards, and other cash-based or stock-based awards. Pursuant to the 2018 Plan, stock options must expire within 10 years and must be granted with exercise prices of no less than the fair value of the common stock on the grant date, as determined by the Board of Directors.

Restricted Stock

The RSAs generally vest over four years. A summary of RSA activities for the year ended December 31, 2021 and 2020 are presented below.

	Number of Shares	*Weighted Average Grant Date Fair Value per Share US$*
Nonvested at January 1, 2020	27,925,002	$ 0.10
Restricted stock forfeited	(22,371,876)	
Vested	(3,803,124)	$ 0.10
Nonvested at December 31, 2020	1,750,002	$ 0.10
Vested	(687,500)	$ 0.10
Nonvested at December 31, 2021	1,062,502	$ 0.10

Stock Options

The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company's common stock became publicly traded on July 22, 2021 and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies. Due to the lack of historical exercise history, the expected term of the Company's stock options for employees has been determined utilizing the "simplified" method for awards. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

In applying the Black Scholes option pricing model, the Company used the following assumptions for stock options granted in 2021 and 2020:

	2021	2020
Exercise price (per share in US$)	$ 0.26	$ 0.16
Expected term (years)	5.3	5.0
Volatility (annual)	82%	85%
Risk-free rate	0.4%	0.2%
Dividend yield (per share)	0%	0%

A summary of stock options activity for the years ended December 31, 2021 and 2020 is presented below:

	Stock Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value US$
Outstanding at January 1, 2020	24,894,000	$ 0.10	8.8	$ -
Options granted	11,940,000	$ 0.21	10.0	
Options exercised for cash	(1,980,000)	$ 0.02		
Options forfeited/expired	(7,249,500)	$ 0.11		
Outstanding at December 31, 2020	27,604,500	$ 0.15	8.8	$ 1,604,758
Options granted	7,208,000	$ 0.26	8.9	
Options exercised for cash	(42,500)	$ 0.15		
Options forfeited/expired	(801,000)	$ 0.20		
Outstanding at December 31, 2021	33,969,000	$ 0.17	8.1	$ 10,963,319
Options vested and exercisable at December 31, 2021	25,746,426	$ 0.14	7.7	$ 5,558,828

During 2021 and 2020, the Company granted 180,000 and 1,320,000 stock options, respectively, to certain employees with certain performance conditions, including achieving a qualified financing or clinical milestones. For the year ended December 31, 2021, all of the performance conditions were achieved and the Company recorded US$200,948 of stock-based compensation expense for these awards based on the grant date fair value of each award in the consolidated statement of operations and comprehensive (loss) income. For the year ended December 31, 2020, management did not deem that it was probable that the performance conditions would be satisfied so expense was not recorded for these awards.

In November 2020, the Company modified the stock option awards to change the awards from vesting over four years to vesting over three years. Subsequent to November 2020, stock option awards generally vest over three years.

For the years ended December 31, 2021 and 2020, the Company recorded stock-based compensation of US$1,364,064 and US$2,215,959, respectively, in general and administrative expenses in the consolidated statements of operations and comprehensive (loss) income.

As of December 31, 2021, there was US$1,706,590 of unrecognized stock-based compensation related to stock option grants that will be amortized over a weighted average period of 0.9 years.

As of December 31, 2021, there was US$103,334 of unrecognized stock-based compensation related to restricted stock option grants that will be amortized over a weighted average period of 0.9 years.

During the year ended December 31, 2018, the Company issued 983,022 shares of common stock and 1,673,321 stock options (the "Investor Options") for an aggregate proceeds of US$973,192. The Investor Options have a two-year term and are exercisable at a price of US$1.20 per share. The Investor Options expired on December 31, 2020.

Warrants

On June 22, 2021, in conjunction with the closing of the Company's IPO, the Company issued 762,712 warrants, with strike price of $0.89 and a ten-year life, to SP Angel, who acts as nominated adviser and broker to the Company for the purposes of the AIM Rules. As of December 31, 2021, there are 762,712 warrants outstanding with an exercise price of US$0.80.

12. Income Taxes

As of December 31, 2021 and 2020, the Company had available federal net operating loss carryforwards ("NOLs") of US$3,042,616 and US$0, respectively, which are available to offset future federal taxable income. Under the Tax Cuts and Jobs Act, all NOLs incurred after December 31, 2017 are carried forward indefinitely for federal tax purposes. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") signed in to law on March 27, 2020, provided that NOLs generated in a taxable year beginning in 2020, 2019, or 2018, may now be carried back five years and forward indefinitely. In addition, the limitation of NOL utilization up to 80% of taxable income limitation is temporarily (for 2020, 2019 and 2018) removed, allowing NOLs to fully offset taxable income. Federal tax returns for the years 2018, 2019 and 2020 remain subject to audit.

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset is presented below:

	2021	*2020*
	US$	*US$*
Deferred income tax assets:		
Net operating loss carryforwards	638,949	-
Stock-based compensation	250,431	370,822
Other	195,975	165,552
Total deferred income tax assets	1,085,355	536,374
Deferred income tax liabilities:		
Fixed assets	759	-
Total deferred income tax liabilities	759	-
Net deferred income tax assets	1,084,596	536,374
Valuation allowance	(1,084,596)	(536,374)

Deferred income tax assets, net of valuation allowance	-	-

ASC 740, “Income Taxes” requires that a valuation allowance be established when it is “more likely than not” that all, or a portion of, deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. After consideration of all the information available, management believes that uncertainty exists with respect to future realization of its deferred tax assets and has, therefore, established a full valuation allowance as of December 31, 2021, and 2020. The net change in valuation allowance for the years ended December 31, 2021 and 2020 was an increase of US$548,222 and a decrease of US$279,423, respectively.

The income tax provision consists of the following as of December 31:

	2021	*2020*
	US$	*US$*
Current:		
US Federal	(159,341)	161,637
US State	61,816	12,989
Total current provision	(97,525)	174,626
Deferred:		
US Federal	-	-
US State	-	-
Total deferred provision	-	-
Total provision for income taxes	(97,525)	174,626

A reconciliation of the U.S. Statutory income tax rate to the Company’s effective tax rate is as follows:

	2021	*2020*
	US$	*US$*
Statutory federal income tax rate	21.0%	21.0%
State taxes, net of federal	(1.1%)	0.7%
Stock-based compensation	(6.1%)	10.2%
Other	1.4%	0.3%
Change in valuation allowance	(12.9%)	(19.8%)
Provision for income taxes	2.3%	12.4%

13. Related Party Transactions

There are no related party transactions or balances, other than as disclosed in Note 7, above. Salaries payable to related parties will be included in the Annual Report.

14. Net (Loss) Income Per Common Share

The reconciliations between basic and diluted net (loss) income per common share for the years ended December 31, 2021 and 2020 are as follows:

		2021		*2020*
		US$		*US$*
Numerator				
Net (loss) income	$	(4,155,004)	$	1,234,731
Dividend on Series A preferred stock		(1,258,959)		-
Net (loss) income applicable to common stockholders (numerator for net (loss) income per common share - basic)	$	(5,413,963)	$	1,234,731
Less: preferred dividends upon conversion of Series A preferred stock		-		(1,145,859)
Numerator for net (loss) income per common share - diluted	$	(5,413,963)	$	88,872
Denominator				
Weighted-average common shares outstanding - basic		100,291,815		57,897,520
Weighted-average dilutive shares issuable - unvested restricted stock		-		10,369,593
Weighted-average dilutive shares issuable - stock options		-		12,621,203
Weighted-average dilutive shares issuable - Series A preferred stock		-		51,968,582
Weighted-average common shares outstanding - diluted		100,291,815		132,856,898
Net (loss) income per common share				
Basic	$	(0.05)	$	0.02
Diluted	$	(0.05)	$	0.00

The table below summarizes potentially dilutive securities that were not considered in the computation of diluted net (loss) income per common share because the effect would be anti-dilutive.

	2021	*2020*
Shares issuable upon vesting of restricted stock	1,062,502	-
Shares issuable upon exercise of stock options	33,969,000	11,820,000
Shares issuable upon exercise of warrants	762,712	-
Total anti-dilutive shares	35,794,214	11,820,000

15. Subsequent Events

In February 2022, the Company granted approximately 2,175,000 stock options to various employees of the Company, including Wensheng Fan, CEO of the Company. All options are granted under the 2018 Long Term Incentive Plan.

In February 2022, the Company paid aggregate bonuses of US$265,000 to Mr. Fan, CEO of the Company, including a bonus of US$225,000 that was included in accrued expenses on the consolidated balance sheet as of December 31, 2021, and a discretionary bonus of US$40,000.