

ANNUAL REPORT 2024

**MAINZ BIOMED N.V.
GERMANY**

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REPORT OF THE AUDITORS

To the Shareholders and Board of Directors of
Mainz Biomed N.V.
Robert-Koch-Strasse 50
55129 Mainz

Huizen, April 25, 2025

Dear Board of Directors,

Enclosed you find the report regarding the financial statements for the year 2024 of your company.

1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have compiled the annual accounts 2024 of your company, including the balance sheet with a total of \$ 55,559,550 and the profit and loss account with a negative result after tax of \$ 7,903,767.

2 ACCOUNTANT'S COMPILATION REPORT

The financial statements of Mainz Biomed N.V. at Germany have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at December 31, 2024, the profit and loss account for 2024 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Mainz Biomed N.V. During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA, Dutch Code of Ethics). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

We draw attention to the going concern paragraph in the notes of the financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

3 GENERAL

3.1 Board

The Board of Directors consist of G. Bächler, H.J. Hekland, H. Dreismann and G.J. Tibbits. W. Caragol is authorized representative.

3.2 Incorporation of a company

The company Mainz Biomed B.V. was incorporated on March 08, 2021 as a private company with limited liability. On November 9, 2021, the company Mainz Biomed B.V. was converted into a Dutch public company with limited liability; Mainz Biomed N.V.

3.3 Recognition of the 2023 loss

The result amounting to \$ 8,790,421 has been carried forward as accumulated deficit.

We are confident that we have informed you sufficiently and remain prepared to provide you with further information should you so desire.

Yours sincerely,

Kreston Lentink Audit B.V.
J.I. Cid RA

FINANCIAL STATEMENTS

1 BALANCE SHEET AS AT DECEMBER 31, 2024

(after appropriation of the result)

	12/31/2024		12/31/2023	
	\$	\$	\$	\$
ASSETS				
FIXED ASSETS				
Intangible fixed assets (1)				
Incorporation and share issue costs	2,345,717		2,465,862	
Concessions, licenses and intellectual property rights	3,017,462		3,394,645	
		5,363,179		5,860,507
Financial fixed assets (2)				
Participating interests in group companies		2		2
CURRENT ASSETS				
Receivables, prepayments and accrued income (3)				
Due from group companies	49,371,015		36,284,039	
Taxes and social security contributions	109,196		78,990	
Other receivables, prepayments and accrued income	708,539		425,424	
		50,188,750		36,788,453
Cash and cash equivalents		7,619		102,784
		<u>55,559,550</u>		<u>42,751,746</u>

	12/31/2024	12/31/2023
	\$	\$
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY (4)		
Issued capital	922,125	235,818
Share premium reserve	72,217,185	53,834,796
Legal and statutory reserves	26,535,820	21,172,155
Other reserves	<u>-47,138,189</u>	<u>-40,179,487</u>
	52,536,941	35,063,282
CURRENT LIABILITIES (5)		
Convertible loans	1,000,000	5,520,000
Accounts payable	1,418,085	1,469,668
Due to group companies	-	311,047
Taxes and social security contributions	595	5,149
Other liabilities, accruals and deferred income	<u>603,929</u>	<u>382,600</u>
	3,022,609	7,688,464
	<u>55,559,550</u>	<u>42,751,746</u>

2 PROFIT AND LOSS ACCOUNT 2024

		2024		2023	
		\$	\$	\$	\$
Operating expenses					
Employee expenses	(6)	191,981		373,678	
Amortization and depreciation		1,322,248		1,066,601	
Other operating expenses		5,468,079		6,819,956	
			6,982,308		8,260,235
Operating result			-6,982,308		-8,260,235
Financial income and expenses			-921,459		-530,186
Result of ordinary activities before taxation			-7,903,767		-8,790,421
Taxation on result of ordinary activities			-		-
Result after taxation			-7,903,767		-8,790,421

3 ACCOUNTING PRINCIPLES OF VALUATION AND DETERMINATION OF THE RESULT OF THE ANNUAL ACCOUNTS

GENERAL

Activities

The activities of Mainz Biomed N.V., with registered offices in Germany, mainly consist of developing and sell in-vitro diagnostic ("IVD") tests, primarily flagship ColoAlert product in European markets and research use only tests for clinical diagnostics in the area of human genetics, focusing in the areas of personalized medicine. The registration number of the Chamber of Commerce is 82122571.

Going concern

The Company has recurring losses, accumulated deficit totaling \$91,766,528 and negative cash flows used in operating activities of \$17,209,582 as of and for the year ended December 31, 2024. The Company also had \$6,235,670 of cash on hand at December 31, 2024. These factors raise a substantial doubt as to the Company's ability to continue as a going concern for a period that is one year from the date these financial statements are published. If the Company is unable to obtain funding, the Company could be forced to delay, reduce, or eliminate its research and development, regulatory, and commercial efforts which could adversely affect its future business prospects and its ability to continue as a going concern.

Management plans to fund its cash flow needs through current cash on hand and future debt and/or equity financings which it may obtain through one or more public or private equity offerings, debt financings, government or other third-party funding, strategic alliances, or collaboration agreements. During 2022 the Company raised \$24.2 million of net proceeds from common stock sales and warrant proceeds. During 2023 the Company raised \$16.5 million from a combination of sale of shares and warrants as well as the issuance of convertible debt. During 2024 the Company raised \$18.2 million from a combination of sale of shares and warrants as well as the issuance of convertible debt. During 2025 and beyond the Company believes that it will be able to raise additional funds through a combination of the sale of ordinary shares, the sale and/or conversion of warrants, and use of the Company's access to capital through its Controlled Equity Offering and its Pre-Paid Advance Agreement. The Company also has the ability to defer certain costs, especially those related to clinical studies, to match financing inflows. The Company believes that its currently available cash on hand, including additional financing described above, will be sufficient to meet its planned expenditures and to meet the Company's obligations for at least the one-year period following its financial statement issuance date.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Group structure

In accordance with article 2:407 part 2A of the Netherlands Civil Code no consolidated annual account have been prepared.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. Valuation of assets and liabilities and determination of the result take place at nominal value unless stated otherwise.

Foreign currency

Functional currency

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The functional currency of Mainz Biomed N.V. is the European dollar (EUR).

The presentation currency of Mainz Biomed N.V. is the US dollar. For presentation purposes, all amounts are translated from the Euro functional currency to the US dollar presentation currency for each period using the exchange rate at the end of each reporting period for the statement of financial position. Revenues and expenses are translated on the basis of average exchange rates during the year.

Exchange gains and losses arising from translation to the presentation currency are recorded as exchange differences on translation to reporting currency, which is included in other comprehensive income.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the recognition per balance sheet item.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

On February 15, 2023, we entered into an Intellectual Property Asset Purchase Agreement ("IPA"), which supersedes the Licensing and Options Agreements. Pursuant to the IPA, we acquired the intellectual property underlying the ColoAlert test. Pursuant to the IPA, we were able to reduce the price paid for the intellectual property to (i) \$2 million cash, to be paid out over the next four years, (ii) 300,000 ordinary restricted shares and (iii) a revenue share limited to \$1 per test sold for a period of 10 years. The Company recognized an intangible asset from this purchase and assigned a 10-year useful life. The intangible assets were valued: (a) for the portion to be settled in stock of the Company at the value on the day of closing, or \$6.85 per share, and (b) for the cash portion, at the present value of the future payments using a 10% discount. During the year ended December 31, 2024 and 2023 the Company paid \$150,000 and \$700,000 to the seller. The Company recorded amortization of \$345,751 and \$377,183 and interest expense of \$94,132 and \$100,813 for the year ended December 31, 2023. As of December 31, 2024, the liability for remaining required payments of \$1,159,947 is recorded as intellectual property acquisition liability.

Financial fixed assets

Participations

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the net asset value. Participating interests without such influence, are valued at cost, taking into account a provision for value decreases. The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as Mainz Biomed N.V. can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Shareholders' equity

Share based compensation

Our stock option grants may contain time based or market-based vesting provisions. Time based options are expensed on a straight-line basis over the vesting period. Market based options ("MBOs") are expensed on a straight-line basis over the derived service period, even if the market condition is not achieved.

The fair value of the stock options is determined on the grant date and is affected by our stock price and other assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, risk free interest rates, expected dividends, and the expected option exercise term. The Company estimates the fair value of time-based stock options using the Black-Scholes-Merton pricing model. The simplified method is used to estimate the expected term of stock options due to a lack of related historical data regarding exercise, cancellation, and forfeiture. For MBOs, the fair value is estimated using Monte Carlo simulation techniques.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of the cancellation and any expense not yet recognized for the award (being the total expense as calculated at the grant date) is recognized immediately. This includes any awards where vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled award and new awards are treated as if they were a modification of the original awards.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Expenses general

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and interest expenses

Financial income and expenses comprise interest income and expenses, as well as exchange rate differences and other related income and expenses.

Taxes

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

4 NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2024

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Incorporation and share issue costs	Concessions, licenses and intellectual property rights	Total
	\$	\$	\$
<i>Carrying amount as of January 1, 2024</i>			
Purchase price	3,900,407	3,771,828	7,672,235
Cumulative amortisation and impairment	-1,434,545	-377,183	-1,811,728
	<u>2,465,862</u>	<u>3,394,645</u>	<u>5,860,507</u>
<i>Movement</i>			
Investments	824,920	-	824,920
Amortisation	-945,065	-377,183	-1,322,248
	<u>-120,145</u>	<u>-377,183</u>	<u>-497,328</u>
<i>Carrying amount as of December 31, 2024</i>			
Purchase price	4,725,327	3,771,828	8,497,155
Cumulative amortisation and impairment	-2,379,610	-754,366	-3,133,976
	<u>2,345,717</u>	<u>3,017,462</u>	<u>5,363,179</u>
<i>Amortisation rates</i>			
			%
Incorporation and share issue costs			20
Concessions, licenses and intellectual property rights			10

2. Financial fixed assets

	12/31/2024	12/31/2023
	\$	\$
Participating interests in group companies		
Mainz Biomed Germany GmbH at Mainz, Germany (100%)	1	1
Mainz Biomed USA, Inc. at Mainz (100%)	1	1
	<u>2</u>	<u>2</u>

CURRENT ASSETS

3. Receivables, prepayments and accrued income

Due from group companies

Mainz Biomed USA, Inc.	49,371,015	36,284,039
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No interest was calculated.

Taxes and social security contributions

Value added tax	109,196	78,990
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Other receivables, prepayments and accrued income

Prepaid expenses	708,539	425,424
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EQUITY AND LIABILITIES

4. Shareholders' equity

	12/31/2024	12/31/2023
	\$	\$
Issued capital		
Subscribed and paid up 2,319,353 (2023: 21.165.482) ordinary shares at par value € 0,40 (2023: € 0,01)	922,125	235,818

The Company announced a 1-for-40 reverse stock split of its issued and outstanding shares. The reverse stock split was effective on December 3, 2024 and processed in the movement of the year.

The Company has 45 million ordinary shares authorized. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. The par value of share capital is EUR0.01 per share.

During the year ended December 31, 2024, the Company issued ordinary shares as follows:

- 301,521 ordinary shares issued through a warrant agreement for \$7,283,889;
- 586,988 ordinary shares issued for \$6,590,787;
- 805,376 ordinary shares issued for conversion of debt of \$9,615,961; and
- 86,400 ordinary shares issued for service of \$986,920.

	2024	2023
	\$	\$
Share premium reserve		
Carrying amount as of January 1	53,834,796	40,694,486
Allocation	18,382,389	13,194,062
Adjustment previous years	-	-53,752
Carrying amount as of December 31	72,217,185	53,834,796

	12/31/2024	12/31/2023
	\$	\$
Legal and statutory reserves		
Reserve for incorporation and share issue costs	1,520,797	2,465,862
Reserve applicable to warrants	6,310,333	151,110
Reserve applicable to stock options	18,704,690	18,555,183
	26,535,820	21,172,155

	2024	2023
	\$	\$
<i>Reserve for incorporation and share issue costs</i>		
Carrying amount as of January 1	2,465,862	2,637,204
Allocation	-945,065	-171,342
Carrying amount as of December 31	<u>1,520,797</u>	<u>2,465,862</u>

Reserve applicable to warrants

Carrying amount as of January 1	151,110	166,575
Exercised	6,159,223	-15,465
Carrying amount as of December 31	<u>6,310,333</u>	<u>151,110</u>

During the year ended December 31, 2021, in conjunction with private sales of ordinary shares, the Company issued 3,745,000 warrants and 161,000 underwriter warrants valued at \$754,286, which was recorded to Reserve in equity. The warrants were valued using the Black-Scholes pricing model. The Black-Scholes model requires six basic data inputs: the exercise or strike price, time to expiration, the risk free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Changes to these inputs could produce a significantly higher or lower fair value measurement. Unexercised warrants were to expire in November 2023. On September 8, 2023 the Board of Directors approved an amendment to the outstanding warrant agreements, which all remaining warrant holders accepted. The amendment extended the remaining life of the warrants to November 9, 2024 and removed the option for cashless exercise. No other terms were changed.

On November 13, 2023, the Company issued 4,166,667 warrants, as a part of the Unit offering, valued using the residual method and an assigned value of \$0. The Warrants were exercisable immediately on the date of issuance until the fifth anniversary of the issuance date at a price of \$1.20 per share.

On December 12, 2024, the Company issued 220,165 warrants A and warrant B, as a part of the Unit offering, valued using the residual method and an assigned value of \$27,521 each. The Warrants were exercisable immediately on the date of issuance until the fifth anniversary of the issuance date at a price of \$5.85 per share.

Reserve applicable to stock options

Carrying amount as of January 1	18,555,183	15,347,394
Allocation	149,507	3,207,789
Carrying amount as of December 31	<u>18,704,690</u>	<u>18,555,183</u>

We adopted our 2021 Omnibus Incentive Plan (the ("Plan")). Under the Plan, we are authorized to issue equity incentives in the form of incentive stock options, non-statutory stock options, restricted shares, restricted share units, share appreciation rights, performance units or performance shares under separate award agreements. Under the Plan, the aggregate number of shares underlying awards that we could issue cannot exceed 2,300,000 ordinary shares.

We adopted our 2022 Omnibus Incentive Plan (the ("Plan")). Under the Plan, we are authorized to issue equity incentives in the form of incentive stock options, non-statutory stock options, restricted shares, restricted share units, share appreciation rights, performance units or performance shares under separate award agreements. Under the Plan, the aggregate number of shares underlying awards that we could issue cannot exceed 500,000 ordinary shares. In 2023, we amended the 2022 Plan to increase the aggregate number of shares underlying awards that we could issue to 875,000 ordinary shares.

Stock options with time-based vesting were valued using the Black-scholes pricing model, while stock options with market-based vesting were valued using the Monte Carlo simulation. Forfeitures are estimated at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

	2024	2023
	\$	\$
<i>Stock based compensation</i>		
Carrying amount as of January 1	-	-14,150
Withdrawal	-	14,150
Carrying amount as of December 31	-	-
Other reserves		
Carrying amount as of January 1	-40,179,487	-31,537,535
Allocation of financial year net result	-7,903,767	-8,790,421
Movement reserve for incorporation and share issue costs	945,065	171,342
Miscellaneous movement	-	-22,873
Carrying amount as of December 31	-47,138,189	-40,179,487

5. Current liabilities

	12/31/2024	12/31/2023
	\$	\$
Convertible loans		
Convertible promissory notes	1,000,000	5,520,000

On June 28, 2023, we entered into a Pre-Paid Advance Agreement (the "PPA"). Pursuant to the PPA, we may request that the Holder purchase from us up to \$50,000,000 (the "Commitment Amount") of promissory notes (each, a "Promissory Note"). The Holder will purchase each Promissory Note at 92% of the principal amount of that Promissory Note. Each Promissory Note matures one year from the date of its issuance. The Promissory Notes do not carry any interest, except if there is an event of default in which case the interest is 15% per annum. We may prepay a Promissory Note with at an 8% premium with advance written notice ranging between five business days and thirty calendar days prior to such prepayment, depending on the market price of our ordinary shares at the time of the notice.

The Promissory Notes are convertible at the Holder's discretion into our ordinary shares at a specific conversion price. In no event, however, shall the conversion price be less than a floor price of \$2.00, as may be adjusted for stock splits and other similar transactions (the "Floor Price").

Under the Promissory Notes, a "Trigger Event" occurs if the trading price of an ordinary share is lower than the applicable Floor Price for any five of seven consecutive trading days. Within five trading days of a Trigger Event, we must make a monthly cash payment to the Holder in connection with the Promissory Notes (the "Monthly Payment") equal to the lesser of (i) \$550,000, plus an 8% redemption premium on any principal being repaid plus any accrued and unpaid interest and (ii) all principal outstanding under all outstanding Promissory Notes, plus an 8% redemption premium on any principal being repaid plus any accrued and unpaid interest.

During 2023 the first and second Promissory Notes were issued and during 2024 the third and fourth. In November 2023, there was both a Trigger Event and default under the PPA and Promissory Notes. As a result, beginning in November 2023 the Company is incurring default interest of 15% per annum and is required to amortize the Notes with monthly cash payments.

During the year ended December 31, 2024, the Company repaid principal amounts of the Promissory Notes and several principal amounts and interest payables were converted into ordinary shares, at conversion prices ranging from \$7.37 to \$38.06.

Accounts payable

Creditors	1,418,085	1,469,668
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Due to group companies

Mainz Biomed Germany GmbH	-	311,047
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Taxes and social security contributions

Payroll tax	595	5,149
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	12/31/2024	12/31/2023
	\$	\$
Other liabilities, accruals and deferred income		
Provision personnel costs	382,596	382,600
Other provisions	221,333	-
	<u>603,929</u>	<u>382,600</u>

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2024

	2024	2023
	\$	\$
6. Employee expenses		
Wages and salaries	154,912	328,000
Social security charges	28,122	29,593
Pension and early retirement expenses	8,947	16,085
	<u>191,981</u>	<u>373,678</u>

Staff

During 2024, two employees were employed on a full-time basis.

6 OTHER NOTES

Recognition of the loss for 2024

The board of directors proposes to deduct the negative 2024 result from the other reserves for an amount of \$ 7,903,767. The General Meeting will be asked to approve the appropriation of the 2024 result, this proposition is already recognised in the financial statements.

Signing of the annual accounts

Preparation annual accounts

The annual accounts are prepared by the management.

Germany, April 25, 2025

G. Bächler

H.J. Hekland

H. Dreismann

G.J. Tibbits