UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 24, 2021

Predictive Oncology Inc.
(Exact name of Registrant as Specified in its Charter)

Delaware	**001-36790**	**33-1007393**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2915 Commers Drive, Suite 900 **Eagan, Minnesota**	**55121**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(651) 389-4800**

Former Name or Former Address, if Changed Since Last Report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	POAI	Nasdaq Capital Market

EXPLANATORY NOTE

This Amendment amends the Current Report on Form 8-K that Predictive Oncology Inc. ("Predictive" or the "Company") filed with the Securities and Exchange Commission on December 1, 2021, concerning the November 24, 2021 completion of the merger of a subsidiary of the Company (the "Merger Sub"), with and into zPredicta, Inc. ("zPredicta"), pursuant to the Agreement and Plan of Merger among the Company, Merger Sub, zPredicta and a representative for certain parties who held interests in zPredicta. This Amendment includes certain historical financial information for zPredicta and certain pro forma financial information for the Company, as described in Item 9.01.

Item 9.01 Financial Statement and Exhibits

(a) Financial Statements of Businesses Acquired

The audited financial statements of zPredicta as of and for the years ended December 31, 2020 and 2019 are attached hereto as Exhibit 99.1. The unaudited financial statements of zPredicta as of September 30, 2021 and for the periods ended September 30, 2021 and 2020 are attached hereto as Exhibit 99.2.

(b) Pro Forma Financial Information

Certain pro forma combined financial information of the Company as of and for the period ended September 30, 2021, giving effect to the merger of zPredicta with and into Merger Sub pursuant to the Merger Agreement, is attached hereto as Exhibit 99.1.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Independent Auditors — Baker Tilly US, LLP
99.1	Audited Financial Statements of zPredicta, Inc. – As of and for the years ended December 31, 2020 and 2019
99.2	Unaudited Financial Statements of zPredicta, Inc. – As of September 30, 2021 and for the periods ended September 30, 2021 and 2020
99.3	Pro Forma Condensed Combined Financial Information of Predictive
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

(Signature page follows)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PREDICTIVE ONCOLOGY INC.

By: /s/ Bob Myers
Name: Bob Myers
Title: Chief Financial Officer

Date: February 10, 2022

INDEX TO EXHIBITS

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-1 (File No. 333-239207, 333-252584, and 333-252585) Form S-3 (File No. 333-221966, 333-228908, 333-235441, 333-237581, 333-239851, 333-254309 and 333-255582), Form S-4 (File No. 333-228031) and Form S-8 (File No. 333-169556, 333-175565, 333-186464, 333-188510, 333-198378, 333-213742, 333-216711, 333-230704, 333-250149, and 333-259264) of Predictive Oncology Inc. (the "Company") of our report dated January 14, 2022, relating to the audited financial statements of zPredicta, Inc. as of and for the years ended December 31, 2020 and 2019 filed with the Form 8-K/A report of the Company filed on February 10, 2022.

/s/ Baker Tilly US, LLP
Minneapolis, Minnesota
February 10, 2022

Independent Auditors' Report

To the Stockholders and Board of Directors of
zPredicta, Inc.

Opinion

We have audited the financial statements of zPredicta, Inc. (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 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.

Emphasis of Matter

As discussed in Note 10 of the financial statements, the Company entered into a letter of intent with Predictive Oncology Inc. for control of the Company to be acquired in a proposed transaction. The transaction closed on November 24, 2021 and the Company is now a wholly-owned subsidiary of Predictive Oncology Inc. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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/ Baker Tilly US, LLP

Minneapolis, Minnesota
January 14, 2022

zPREDICTA, INC.
BALANCE SHEETS

		December 31, 2020		December 31, 2019
ASSETS				
Current Assets:				
Cash	$	170,141	$	201,230
Accounts Receivable		51,961		-
Prepaid Expense and Other Assets		25,630		20,726
Total Current Assets		247,732		221,956
Fixed Assets, net		-		6,735
Total Assets	$	247,732	$	228,691
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts Payable	$	16,199	$	9,072
Accrued Expenses and Other Liabilities		29,085		20,390
SAFE and KISS Liabilities (See Note 4)		548,994		546,332
Deferred Revenue		151,333		248,333
Total Current Liabilities		745,611		824,127
Notes Payable		42,000		42,000
Other Long-Term Liabilities		37,387		-
Total Liabilities		824,998		866,127
Stockholders’ Deficit:				
Common Stock, $.01 par value, 10,000,000 authorized, 7,040,487 and 7,011,288 outstanding		704		701
Additional Paid-in Capital		54,994		24,501
Accumulated Deficit		(632,964)		(662,638)
Total Stockholders' Deficit		(577,266)		(637,436)
Total Liabilities and Stockholders' Deficit	$	247,732	$	228,691

See Notes to Financial Statements

zPREDICTA, INC.
STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2020	**2019**
Revenues	$ 563,288	$ 333,879
Operating expenses:		
General and administrative expense	185,537	159,109
Operations expense	331,316	197,891
Sales and marketing expense	14,159	12,449
Total operating income (loss)	32,276	(35,570)
Other income	60	32
Loss on derivative instruments	(2,662)	(8,456)
Net income (loss)	$ 29,674	$ (43,994)

See Notes to Financial Statements

zPREDICTA, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flow from operating activities:		
Net income (loss)	$ 29,674	$ (43,994)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	6,735	8,642
Vesting expense	30,496	4,888
Loss on valuation of equity-linked instruments	2,662	8,456
Changes in assets and liabilities:		
Accounts receivable	(51,961)	31,456
Prepaid expense and other assets	(4,904)	(7,062)
Accounts payable	7,127	8,237
Accrued expenses	8,695	(9,936)
Deferred revenue	(97,000)	126,186
Net cash provided by (used in) operating activities:	(68,476)	126,873
Cash flow from financing activities:		
Proceeds from long-term debt borrowings	37,387	15,000
Other liabilities	-	-
Net cash provided by financing activities	37,387	15,000
Net increase (decrease) in cash	(31,089)	141,873
Cash at beginning of year	201,230	59,357
Cash at end of year	$ 170,141	$ 201,230

See Notes to Financial Statements

zPREDICTA, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at 12/31/2018	6,977,425	$ 698	$ 19,615	$ (618,644)	$ (598,331)
Shares issued pursuant to exercise of option agreement	33,863	3	(3)		-
Vesting expense			4,889		4,889
Net loss				(43,994)	(43,994)
Balance at 12/31/2019	7,011,288	$ 701	$ 24,501	$ (662,638)	$ (637,436)
Shares issued pursuant to exercise of option agreement	29,199	3	(3)		-
Vesting expense			30,496		30,496
Net income (loss)				29,674	29,674
Balance at 12/31/2020	7,040,487	$ 704	$ 54,994	$ (632,964)	$ (577,266)

See Notes to Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Continuance of Operations

zPREDICTA, Inc., (the "Company" or "zPREDICTA" or "we") was originally incorporated on April 11, 2016 in San Jose, California. Pursuant to an Agreement and Plan of Merger effective May 9, 2016, Ixchel Scientific, a California corporation, merged with and into a Delaware corporation with the name of zPREDICTA, Inc., with such Delaware corporation as the surviving corporation of the merger. zPREDICTA develops tumor-specific in vitro models for oncology drug discovery and research. The Company's mission is to accelerate the drug development process for its clients and partners by leveraging our team's expertise in carcinogenesis, metastasis and the tumor microenvironment. The Company develops complex in vitro models that recapitulate the physiological environment of human tissue.

From target discovery and lead optimization to preclinical evaluation of efficacy and toxicity, zPREDICTA's goal is to develop the tools necessary to accurately identify compounds that will have the highest probability of improving human health. The Company offers preclinical testing services based on its proprietary models directly to clients in the biopharmaceutical industry and through its partnership with LabCorp. The tumor-specific models are used by many leading biopharmaceutical companies to evaluate the efficacy and toxicity of their therapeutic pipelines.

On September 30, 2021, the Company entered into a letter of intent with Predictive Oncology Inc. for the Company to be acquired in a proposed transaction. The transaction closed November 24, 2021 and the Company is now a wholly-owned subsidiary of Predictive Oncology Inc.

Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could materially differ from those estimates.

Cash

The Company has no cash equivalents as of December 31, 2020 and December 31, 2019.

Accounts Receivable

Accounts receivable are reported at the amount the Company expects to collect on balances outstanding. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation allowance based on management's assessment of the current status of individual accounts.

Amounts recorded in accounts receivable on the balance sheet include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. An allowance for doubtful accounts is maintained to provide for the estimated amount of receivables that will not be collected. The Company reviews customers' credit history before extending unsecured credit and establishes an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Invoices are generally due 30 days after presentation. Accounts receivable over 30 days is generally considered past due. The Company does not accrue interest on past due accounts receivables. Receivables are written off once all collection attempts have failed and are based on individual credit evaluation and specific circumstances of the customer. The allowance for doubtful accounts balance was $0 as of both December 31, 2020 and 2019.

Fair Value Measurements

As outlined in Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 – Observable inputs such as quoted prices in active markets;

Level 2 – Inputs other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The fair value of the Company’s investment securities, which consist of cash, was determined based on Level 1 inputs. The fair value of the Company’s SAFE liabilities and debt were determined based on Level 3 inputs. In addition, the Company uses the Monte Carlo method and other acceptable valuation methodologies when valuing the conversion feature and other embedded features classified as SAFE liabilities on a recurring basis. See *Note 4 – SAFE Liabilities*.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful asset life of laboratory equipment is five years.

Upon retirement or sale of fixed assets, the cost and related accumulated depreciation or amortization are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations expense as incurred.

Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation by transferring control of the promised goods or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Sales taxes are imposed on the Company’s sales to nonexempt customers. The Company collects the taxes from the customers and remits the entire amounts to the governmental authorities. Sales taxes are excluded from revenue and expenses.

Revenue from Screening Services and Custom Model Development

zPREDICTA provides services for screening anti-cancer therapeutic agents. Contract revenues are generally derived from studies conducted with biopharmaceutical and pharmaceutical companies. The specific methodology for revenue recognition is determined on a contract-by-contract basis according to the facts and circumstances applicable to a given contract. Advance payments received in excess of revenues recognized are classified as deferred revenue until such time as the revenue recognition criteria have been met. Payment terms are net 30 from the invoice date, which is sent to the customer as the Company satisfies the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. zPREDICTA’s payments terms vary by the agreements reached with customers. The Company’s performance obligations are satisfied at one point in time when data and reports are delivered.

Variable Consideration

The Company records revenue from customers in an amount that reflects the transaction price it expects to be entitled to after transferring control of those goods or services. The Company's current contracts do not contain any features that create variability in the amount or timing of revenue to be earned.

Contract Balances

The Company records a receivable when it has an unconditional right to receive consideration after the performance obligations are satisfied. As of December 31, 2020 accounts receivable totaled $51,961. As of December 31, 2019 there were no outstanding accounts receivables.

The Company's deferred revenues related primarily to advance payments related to services for screening anti-cancer therapeutic agents and totaled $151,333 and $248,333 as of December 31, 2020 and 2019, respectively.

Valuation and accounting for stock options

The Company determines the grant date fair value of options using 409A option valuation model based upon assumptions regarding risk-free interest rate, expected dividend rate, volatility and estimated term.

The fair value of each option and warrant grant is estimated on the grant date using the most recent 409A option valuation model with the following assumptions:

	For the Year Ended December 31,	
	2020	2019
	Stock Options	
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	75%	59%
Risk-free interest rate	0.14%	2.069%
Expected life (in years)	10	10

Research and Development

Research and development costs are charged to operations as incurred. Research and development costs were $6,714 and $9,529 for the years ended 2020 and 2019, respectively, and are included in operations expense in the statements of operations.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Under Internal Revenue Code Section 382, certain stock transactions which significantly change ownership could limit the amount of net operating carryforwards that may be utilized on an annual basis to offset taxable income in future periods. The Company has not yet performed an analysis of the annual net operating loss carryforwards and limitations that are available to be used against taxable income. Consequently, the limitation, if any, could result in the expiration of the Company's loss carryforwards before they can be utilized. The Company has not analyzed net operating loss carryforwards under Section 382 to date.

There is no income tax provision in the accompanying statements of operations due to the cumulative operating losses that indicate a 100% valuation allowance for the deferred tax assets and state income taxes is appropriate.

The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on technical merits of the positions. The Company has identified no income tax uncertainties.

All tax returns remain open to examination by federal and state tax authorities due to the Company's net loss position.

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Company has no credit risk on cash amounts held in a single institution that are in excess of amounts issued by the Federal Deposit Insurance Corporation.

Risks and Uncertainties

The Company is subject to risks common to companies in the biopharmaceutical industries, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and compliance with regulations of the Food and Drug Administration, Clinical Laboratory Improvement Amendments, and other governmental agencies as applicable.

The Company has evaluated all of its activities and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as described above and in *Note 11 – Subsequent Events*.

NOTE 2 – STOCKHOLDERS' EQUITY AND STOCK OPTIONS

Authorized Shares

Per the certificate of incorporation of the Company the number of authorized shares of common stock from 10,000,000 shares of common stock, $0.0001 par value.

Equity Incentive Plan

The Company has an equity incentive plan, which allows issuance of incentive and non-qualified stock options to employees, directors and consultants of the Company, where permitted under the plan. The exercise price for each stock option is determined by the fair market value price on the date of issuance. Vesting requirements are determined by the Board of Directors when granted and currently range from immediate to four years. Options outstanding under this plan have a contractual life of ten years.

Options

ASC 718, *Compensation – Stock Compensation, ("ASC 718")* requires that a company that issues equity as compensation needs to record compensation expense on its statements of operations that corresponds to the estimated fair value of those equity grants. ASC 718 requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model or other acceptable means.

The Company determines the grant date fair value of options using a 409A option valuation model based upon assumptions regarding risk-free interest rate, expected dividend rate, volatility and estimated term. See Note 1 – Summary of Significant Accounting Policies – Accounting Policies and Estimates.
The following summarizes transactions for stock options for the periods indicated:

	Stock Options	
	Number of Shares	Average Exercise Price
Outstanding at December 31, 2018	69,318	$ 0.01
Issued	1,559,595	0.09
Forfeited	(210,093)	0.01
Exercised	(33,864)	0.01
Outstanding at December 31, 2019	1,384,956	$ 0.09
Issued	77,848	0.09
Forfeited	(52,268)	0.01
Exercised	(29,200)	0.01
Outstanding at December 31, 2020	1,381,336	$ 0.09

At December 31, 2020, 421,463 stock options are fully vested and currently exercisable with a weighted average exercise price of $.09 and a weighted average remaining term of 9.5 years. At December 31, 2019, 79,015 stock options are fully vested and currently exercisable with a weighted average exercise price of $0.08 and a weighted average remaining term of 8.77 years. Stock-based compensation expense recognized in 2020 and 2019 was $30,497 and $4,889, respectively. The Company has $88,161 of unrecognized compensation expense related to non-vested stock options that are expected to be recognized over the next 39 months.

Stock options expire on various dates from October 4, 2029 to September 28, 2030.

NOTE 3 – NOTES PAYABLE

The balances of notes payable were as follows:

	December 31, 2020	December 31, 2019
2015 Shareholder Note	$ 27,000	$ 27,000
2019 Investor Note	$ 15,000	$ 15,000

Both the 2015 Shareholder Note and the 2019 Investor Note are unsecured.

Shareholder Note

On March 20, 2015, the Company issued a promissory note with a principal amount of $27,000 (the “Shareholder Note”) to Julia Kirshner, in exchange for cash proceeds of $27,000. The Shareholder Note was issued without interest payable on the unpaid principal and is prepayable without penalty by the Company at any time (provided the Company is not in default under the Note).

The maturity of the Shareholder Note was conditional upon a Financing or a Change of Control each defined within the Shareholder Note. The Notes were issued as legal form debt and are subject to the guidance of ASC 470. The Company intended to refinance the obligation on a long-term basis by delaying the repayment until mutually agreed by the parties. The Shareholder Note does not have a fixed or determinable maturity date and will be classified as long-term debt. The Shareholder Note was repaid in full in September 2021.

Investor Note

On October 4, 2019, the Company issued a promissory note with a principal amount of $15,000 (the “Investor Note”) to Tom Kelly, in exchange for cash proceeds of $15,000. The Investor Note was issued without interest payable on the unpaid principal and is prepayable without penalty by the Company at any time (provided the Company is not in default under the Note).

The maturity of the Investor Note was conditional upon a Financing or a Change of Control each defined within the Investor Note. The Notes were issued as legal form debt and are subject to the guidance of ASC 470. The Company intended to refinance the obligation on a long-term basis by delaying the repayment until mutually agreed by the parties. The Investor Note does not have a fixed or determinable maturity date and will be classified as long-term debt. The Investor Note was repaid in full in September 2021.

2020 Paycheck Protection Program

During 2020, the Company entered into a promissory note with JPMorgan Chase Bank, N.A., which provides for an unsecured loan of $37,387 pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act and applicable regulations (the “CARES Act”). The promissory note has a term of 2 years with a 1% per annum interest rate. Payments are deferred for 6 months from the date of the promissory note and the Company can apply for forgiveness of all or a portion of the promissory note after 60 days for covered use of funds.

Pursuant to the terms of the PPP, the promissory note, or a portion thereof, may be forgiven if proceeds are used for qualifying expenses as described in the CARES Act, such as payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent and utilities. The Company has used all proceeds for qualifying expenses. The Company received forgiveness for the loan under the Paycheck Protection Program and recognized a gain in other income for the full amount of the loan during the first quarter of 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

NOTE 4 – SAFE AND KISS LIABILITIES

The Company concluded the Simple Agreements for Future Equity (“SAFE”) - and Keep It Simple Security (“KISS”) Liabilities contains a conversion feature as defined in the agreement and are classified as a liability under ASC 480 and determined the fair value to record within the SAFE liability on the balance sheet. At inception, the fair value of the SAFE liabilities was $537,876. During the year ended December 31, 2020, the Company recognized a loss of $2,662 on the change in the fair value of the SAFE liabilities. As of December 31, 2020, the fair value of the derivative liability was $548,994. During the year ended December 31, 2019, the Company recognized a loss of $8,456 on the change in the fair value of the SAFE liabilities. As of December 31, 2019, the fair value of the derivative liability was $546,332. The fair value of the derivative liability and conversion feature are level 3 fair value measurements and were valued using a Monte Carlo valuation methodology.

The table below discloses changes in value of the Company’s embedded derivative liabilities discussed above.

SAFE liabilities balance at December 31, 2018	**$**	**537,876**
Loss recognized to revalue SAFE instrument at fair value		(8,456)
SAFE liabilities balance at December 31, 2019	**$**	**546,332**
Loss recognized to revalue SAFE instrument at fair value		(2,662)
SAFE liabilities balance at December 31, 2020	**$**	**548,994**

All of the SAFE and KISS notes were liquidated and cash payments were distributed to the holders on November 24, 2021 when the Company was acquired by Predictive Oncology Inc. *See Note 1*.

NOTE 5 – INCOME TAXES

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

There is no federal or state income tax provision in the accompanying statements of net loss due to the cumulative operating losses incurred and 100% valuation allowance for the deferred tax assets.

Actual income tax benefit differs from statutory federal income tax benefit as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Statutory federal income tax benefit	$ 6,000	$ (9,000)
State tax benefit, net of federal taxes	2,000	(3,000)
Nondeductible/nontaxable items	9,000	4,000
Valuation allowance increase (decrease)	(13,000)	9,000
Other	(4,000)	(1,000)
Total income tax benefit	$ -	$ -

Deferred taxes consist of the following:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Noncurrent:		
Depreciation	$ 4,000	$ 4,000
Accruals and reserves	5,000	6,000
Deferred revenue	42,000	99,000
NOL and credits	120,000	75,000
Total deferred tax assets	171,000	184,000
Deferred tax liabilities:		
Noncurrent:		
Depreciation	-	(1,000)
Prepaid assets	(1,000)	-
Total deferred tax liabilities	(1,000)	(1,000)
Net deferred tax assets	170,000	183,000
Less: valuation allowance	(170,000)	(183,000)
Total	$ -	$ -

The Company has determined, based upon its history, that it is probable that future taxable income may be insufficient to fully realize the benefits of the net operating loss ("NOL") carryforwards and other deferred tax assets. As such, the Company has determined that a full valuation allowance is warranted. Future events and changes in circumstances could cause this valuation allowance to change.

At December 31, 2019, the Company had approximately $256,000 of gross NOLs to reduce future federal taxable income, the majority of which are expected to be available for use in 2020. The federal NOL's of $145,000 expire beginning in 2036 if unused and $111,000 will carryforward indefinitely. The Company also had approximately $250,000 of gross NOLs and credits to reduce future state taxable income at December 31, 2019. The state NOL's will expire beginning in 2036 if unused. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2019, the valuation allowance was $183,000.

At December 31, 2020, the Company has approximately $394,000 of gross NOLs to reduce future federal taxable income, the majority of which are expected to be available for use in 2021. The federal NOL's of $145,000 expire beginning in 2036 if unused and $249,000 will carryforward indefinitely. The Company also has approximately $388,000 of gross NOLs and credits to reduce future state taxable income at December 31, 2020. The state NOL's will expire beginning in 2036 if unused. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2020, the valuation allowance was $170,000.

The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on technical merits of the positions. The Company has identified no income tax uncertainties.

The Company recognizes interest and penalties on unrecognized tax benefits as well as interest received from favorable tax settlements within income tax expense. At December 31, 2020 and 2019, the Company recorded no accrued interest or penalties related to uncertain tax positions.

NOTE 6 – LEASES

Our corporate offices are located in San Jose, California. The lease as amended has a 90-day perpetual term renewable on a month-to-month. Our leased space includes space used for office space and laboratory space. The lease was amended August 17, 2020.

Lease expense under operating lease arrangements was $61,546 and $44,390 for 2020 and 2019, respectively.

NOTE 7 – FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. Accumulated depreciation is included in fixed assets, net on the accompanying balance sheets. Estimated useful life of our laboratory assets is 5 years.

The Company's fixed assets consist of the following:

	December 31, 2020	December 31, 2019
Laboratory equipment	$ 43,212	$ 43,212
Less: Accumulated depreciation	(43,212)	(36,477)
Total fixed assets, net	$ -	$ 6,735

Maintenance and repairs are expensed as incurred. Depreciation expense was $6,735 and $8,642 in 2020 and 2019, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

Shareholder Note

On March 20, 2015, the Company issued the Shareholder Note with a principal amount of $27,000 to Julia Kirshner, in exchange for cash proceeds of $27,000. See *Note 3 – Notes Payable*.

Investor Note

On October 4, 2019, the Company issued the Investor Note with a principal amount of $15,000 to Tom Kelly, in exchange for cash proceeds of $15,000. See *Note 3 – Notes Payable*.

NOTE 9 – RETIREMENT SAVINGS PLANS

The Company has a pre-tax salary reduction/profit-sharing plan under the provisions of Section 401(k) of the Internal Revenue Code, which covers employees meeting certain eligibility requirements. During 2019 and 2018, the Company provided a 3% nonelective contribution. The employer contribution was $4,234 and $553 in 2020 and 2019, respectively. There were no discretionary contributions to the plan in 2020 and 2019.

NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring through January 14, 2022, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Company’s financial statements. On September 30, 2021, the Company entered into a letter of intent with Predictive Oncology Inc. for control of the Company to be acquired in a proposed transaction. The transaction closed on November 24, 2021 and the Company is now a wholly-owned subsidiary of Predictive Oncology Inc.

Exhibit 99.2

zPREDICTA, Inc.
BALANCE SHEETS

		September 30, 2021		December 31, 2020
		(unaudited)		(audited)
ASSETS				
Current Assets:				
Cash	$	440,161	$	170,141
Accounts Receivable		76,189		51,961
Prepaid Expense and Other Assets		31,267		25,630
Total Current Assets		547,617		247,732
Total Assets	$	547,617	$	247,732
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts Payable	$	2,877	$	16,199
Accrued Expenses and Other Liabilities		18,106		29,085
SAFE Liabilities (See Note 4)		712,228		548,994
Deferred Revenue		130,833		151,333
Total Current Liabilities		864,044		745,611
Notes Payable		-		42,000
Other Long-Term Liabilities		-		37,387
Total Liabilities		864,044		824,998
Stockholders' Deficit:				
Common Stock, $.01 par value, 10,000,000 authorized, 7,067,896 and 7,040,487 outstanding		707		704
Additional Paid-in Capital		80,623		54,994
Accumulated Deficit		(397,757)		(632,964)
Total Stockholders' Deficit		(316,427)		(577,266)
Total Liabilities and Stockholders' Deficit	$	547,617	$	247,732

See Notes to Financial Statements

zPREDICTA, Inc.
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenues	$ 509,386	$ 46,421	$ 878,939	$ 60,328
Operating expenses:				
General and administrative expense	36,303	55,503	155,757	126,491
Operations expense	127,349	83,556	352,092	231,480
Sales and marketing expense	1,519	160	2,971	13,588
Total operating income (loss)	344,215	(92,798)	368,119	(311,231)
Other income	(7,942)	7	30,322	55
Loss on derivative instruments	(163,234)	(5,486)	(163,234)	(5,486)
Net income (loss)	$ 173,038	$ (98,277)	$ 235,207	$ (316,662)

See Notes to Financial Statements

zPREDICTA, Inc.
STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended September 30,	
	2021	**2020**
Cash flow from operating activities:		
Net income (loss)	$ 235,207	$ (316,662)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	-	6,735
Vesting expense	23,166	22,775
Loss on valuation of derivative instruments	163,234	5,486
Gain on debt foregiveness	(37,387)	-
Changes in assets and liabilities:		
Accounts receivable	(24,228)	-
Prepaid expense and other assets	(5,637)	6,119
Accounts payable	(13,322)	(5,691)
Accrued expenses	(10,979)	(3,176)
Deferred revenue	(20,500)	191,645
Net cash provided by (used in) operating activities:	309,554	(92,768)
Cash flow from financing activities:		
Proceeds from long-term debt borrowings	-	37,387
Proceeds from exercise of options into common stock	2,466	-
Repayment of debt	(42,000)	-
Net cash (used in) provided by financing activities	(39,534)	37,387
Net increase (decrease) in cash	270,020	(55,381)
Cash at beginning of period	170,141	201,230
Cash at end of period	$ 440,161	$ 145,849

See Notes to Financial Statements

zPREDICTA, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020
(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at 06/30/2020	7,040,487	$ 704	$ 39,551	$ (881,697)	$ (841,442)
Vesting expense			7,722		7,722
Net loss				(98,277)	(98,277)
Balance at 09/30/2020	7,040,487	$ 704	$ 47,273	$ (979,974)	$ (931,997)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at 12/31/2019	7,011,288	$ 701	$ 24,501	$ (662,638)	$ (637,436)
Shares issued pursuant to exercise of option agreement	29,199	3	(3)		-
Vesting expense			22,775		22,775
Net loss				(316,662)	(316,662)
Balance at 09/30/2020	7,040,487	$ 704	$ 47,273	$ (979,300)	$ (931,323)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at 06/30/2021	7,040,487	$ 704	$ 70,438	$ (570,795)	$ (499,653)
Shares issued pursuant to exercise of option agreement	27,409	3	2,463		2,466
Vesting expense			7,722		7,722
Net income				173,038	173,038
Balance at 09/30/2021	7,067,896	$ 707	$ 80,623	$ (397,757)	$ (316,427)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at 12/31/2020	7,040,487	$ 704	$ 54,994	$ (632,964)	$ (577,266)
Shares issued pursuant to exercise of option agreement	27,409	3	2,463		2,466
Vesting expense			23,166		23,166
Net income				235,207	235,207
Balance at 09/30/2021	7,067,896	$ 707	$ 80,623	$ (397,757)	$ (316,427)

See Notes to Financial Statements

zPREDICTA, Inc.
NOTES TO FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Continuance of Operations

zPREDICTA, Inc., (the “Company” or “zPREDICTA” or “we”) was originally incorporated on April 11, 2016 in San Jose, California. Pursuant to an Agreement and Plan of Merger effective May 9, 2016, Ixchel Scientific, a California corporation, merged with and into a Delaware corporation with the name of zPREDICTA, Inc., with such Delaware corporation as the surviving corporation of the merger. zPREDICTA develops tumor-specific in vitro models for oncology drug discovery and research. The Company’s mission is to accelerate the drug development process for its clients and partners by leveraging our team’s expertise in carcinogenesis, metastasis and the tumor microenvironment. The Company develops complex in vitro models that recapitulate the physiological environment of human tissue and thus provide a more clinically relevant testing platform than commonly-used alternatives.

From target discovery and lead optimization to preclinical evaluation of efficacy and toxicity, zPREDICTA’s goal is to develop the tools necessary to accurately identify compounds that will have the highest probability of improving human health. The Company offers preclinical testing services based on its proprietary models directly to clients in the biopharmaceutical industry and through its partnership with LabCorp. The tumor-specific models are used by many leading biopharmaceutical companies to evaluate the efficacy and toxicity of their therapeutic pipelines.

On September 30, 2021, the Company entered into a letter of intent with Predictive Oncology Inc. for the Company to be acquired in a proposed transaction. The transaction closed November 24, 2021 and the Company is now a wholly-owned subsidiary of Predictive Oncology Inc.

Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could materially differ from those estimates.

Cash

The Company has no cash equivalents as of ended September 30, 2021 and December 31, 2020.

Accounts Receivable

Accounts Receivable are reported at the amount the Company expects to collect on balances outstanding. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation allowance based on management’s assessment of the current status of individual accounts.

Amounts recorded in accounts receivable on the balance sheet include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. An allowance for doubtful accounts is maintained to provide for the estimated amount of receivables that will not be collected. The Company reviews customers’ credit history before extending unsecured credit and establishes an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Invoices are generally due 30 days after presentation. Accounts receivable over 30 days is generally considered past due. The Company does not accrue interest on past due accounts receivables. Receivables are written off once all collection attempts have failed and are based on individual credit evaluation and specific circumstances of the customer. The allowance for doubtful accounts balance was $0 as of both September 30, 2021 and December 31, 2020.

Fair Value Measurements

As outlined in Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 – Observable inputs such as quoted prices in active markets;

Level 2 – Inputs other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The fair value of the Company's investment securities, which consist of cash, was determined based on Level 1 inputs. The fair value of the Company's SAFE liabilities and debt were determined based on Level 3 inputs. In addition, the Company uses the Monte Carlo method when valuing the conversion feature and other embedded features classified as SAFE liabilities on a recurring basis. See *Note 8 – SAFE Liabilities*.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful asset life of laboratory equipment is five years.

Upon retirement or sale of fixed assets, the cost and related accumulated depreciation or amortization are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations expense as incurred.

Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation by transferring control of the promised goods or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Sales taxes are imposed on the Company's sales to nonexempt customers. The Company collects the taxes from the customers and remits the entire amounts to the governmental authorities. Sales taxes are excluded from revenue and expenses.

Revenue from Screening Services and Custom Model Development

zPREDICTA provides services for screening anti-cancer therapeutic agents. Contract revenues are generally derived from studies conducted with biopharmaceutical and pharmaceutical companies. The specific methodology for revenue recognition is determined on a contract-by-contract basis according to the facts and circumstances applicable to a given contract. Advance payments received in excess of revenues recognized are classified as deferred revenue until such time as the revenue recognition criteria have been met. Payment terms are net 30 from the invoice date, which is sent to the customer as the Company satisfies the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. zPREDICTA's payments terms vary by the agreements reached with customers. The Company's performance obligations are satisfied at one point in time when data and reports are delivered.

Variable Consideration

The Company records revenue from customers in an amount that reflects the transaction price it expects to be entitled to after transferring control of those goods or services. The Company's current contracts do not contain any features that create variability in the amount or timing of revenue to be earned.

Contract Balances

The Company records a receivable when it has an unconditional right to receive consideration after the performance obligations are satisfied. As of September 30, 2021 and December 31, 2020, accounts receivable totaled $76,189 and $51,961, respectively.

The Company's deferred revenues related primarily to advance payments related to services for screening anti-cancer therapeutic agents and totaled $130,833 and $151,333 as of September 30, 2021 and as of December 31, 2020, respectively.

Valuation and accounting for stock options

The Company determines the grant date fair value of options using 409A option valuation model based upon assumptions regarding risk-free interest rate, expected dividend rate, volatility and estimated term.

The fair value of each option grant is estimated on the grant date using the most recent 409A option valuation model with the following assumptions:

	For the Nine Months Ended September 30,	
	2021	2020
	Stock Options	
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	75%	75%
Risk-free interest rate	0.14%	0.14%
Expected life	10 years	10 years

Research and Development

Research and development costs were $5,383 and $442 for the three months ended September 30, 2021 and 2020, respectively. Research and development costs are charged to operations as incurred. Research and development costs were $45,265 and $5,299 for the nine months ended September 30, 2021 and 2020, respectively, and are included in operations expense in the statements of operations.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Under Internal Revenue Code Section 382, certain stock transactions which significantly change ownership could limit the amount of net operating carryforwards that may be utilized on an annual basis to offset taxable income in future periods. The Company has not yet performed an analysis of the annual net operating loss carryforwards and limitations that are available to be used against taxable income. Consequently, the limitation, if any, could result in the expiration of the Company's loss carryforwards before they can be utilized. The Company has not analyzed net operating loss carryforwards under Section 382 to date.

There is no income tax provision in the accompanying statements of operations due to the cumulative operating losses that indicate a 100% valuation allowance for the deferred tax assets and state income taxes is appropriate.

The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on technical merits of the positions. The Company has identified no income tax uncertainties.

All tax returns remain open to examination by federal and state tax authorities due to the Company's net loss position.

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Company has no credit risk on cash amounts held in a single institution that are in excess of amounts issued by the Federal Deposit Insurance Corporation.

Risks and Uncertainties

The Company is subject to risks common to companies in the biopharmaceutical industries, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and compliance with regulations of the Food and Drug Administration, Clinical Laboratory Improvement Amendments, and other governmental agencies as applicable.

The Company has evaluated all of its activities and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as described above and in *Note 8 – Subsequent Events*.

NOTE 2 – STOCKHOLDERS' EQUITY AND STOCK OPTIONS

Authorized Shares

Per the certificate of incorporation of the Company the number of authorized shares of common stock from 10,000,000 shares of common stock, $0.0001 par value.

Equity Incentive Plan

The Company has an equity incentive plan, which allows issuance of incentive and non-qualified stock options to employees, directors and consultants of the Company, where permitted under the plan. The exercise price for each stock option is determined by the market price on the date of issuance. Vesting requirements are determined by the Board of Directors when granted and currently range from immediate to four years. Options outstanding under this plan have a contractual life of ten years.

Options

ASC 718, *Compensation – Stock Compensation, ("ASC 718")* requires that a company that issues equity as compensation needs to record compensation expense on its statements of net loss that corresponds to the estimated fair value of those equity grants. ASC 718 requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model or other acceptable means.

The Company determines the grant date fair value of options using a 409A option valuation model based upon assumptions regarding risk-free interest rate, expected dividend rate, volatility and estimated term. See Note 1 – Summary of Significant Accounting Policies – Accounting Policies and Estimates.

The following summarizes transactions for stock options for the periods indicated:

	Stock Options	
	Number of Shares	Average Exercise Price
Outstanding at December 31, 2020	1,381,336	$ 0.09
Issued	-	0.09
Forfeited	(41,837)	0.09
Exercised	(27,409)	0.09
Outstanding at September 30, 2021	1,312,090	$ 0.09

At September 30, 2021, 626,739 stock options are fully vested and currently exercisable with a weighted average exercise price of $.09 and a weighted average remaining term of 8.46 years. Stock-based compensation recognized was $7,722 for each of the three months ended September 30, 2021 and 2020. Stock-based compensation recognized was $23,166 for the nine months ended September 30, 2021 and $22,775 for the nine months ended September 30, 2020.

Stock options expire on various dates from October 4, 2029 to September 28, 2030.

NOTE 3 – NOTES PAYABLE

The balances of notes payable were as follows:

	September 30, 2021	December 31, 2020
2015 Shareholder note	$ -	$ 27,000
2019 Investor note	$ -	$ 15,000

Shareholder Note

On March 20, 2015, the Company issued a promissory note with a principal amount of $27,000 (the “Shareholder Note”) to Julia Kirshner, in exchange for cash proceeds of $27,000. The Shareholder Note was issued without interest payable on the unpaid principal and is prepayable without penalty by the Company at any time (provided the Company is not in default under the Note).

The maturity of the Shareholder Note was conditional upon a Financing or a Change of Control each defined within the Shareholder Note. The Notes were issued as legal form debt and are subject to the guidance of ASC 470. The Company intended to refinance the obligation on a long-term basis by delaying the repayment until mutually agreed by the parties. The Shareholder Note does not have a fixed or determinable maturity date and will be classified as long-term debt. The note was paid in full during the nine months ended September 30, 2021.

Investor Note

On October 4, 2019, the Company issued a promissory note with a principal amount of $15,000 (the “Investor Note”) to Tom Kelly, in exchange for cash proceeds of $15,000. The Investor Note was issued without interest payable on the unpaid principal and is prepayable without penalty by the Company at any time (provided the Company is not in default under the Note).

The maturity of the Investor Note was conditional upon a Financing or a Change of Control each defined within the Investor Note. The Notes were issued as legal form debt and are subject to the guidance of ASC 470. The Company intended to refinance the obligation on a long-term basis by delaying the repayment until mutually agreed by the parties. The Investor Note does not have a fixed or determinable maturity date and will be classified as long-term debt. The note was paid in full during the nine months ended September 30, 2021.

2020 Paycheck Protection Program

During 2020, the Company entered into a promissory note with JPMorgan Chase Bank, N.A., which provides for an unsecured loan of $37,387 pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act and applicable regulations (the "CARES Act"). The promissory note has a term of 2 years with a 1% per annum interest rate. Payments are deferred for 6 months from the date of the promissory note and the Company can apply for forgiveness of all or a portion of the promissory note after 60 days for covered use of funds.

Pursuant to the terms of the PPP, the promissory note, or a portion thereof, may be forgiven if proceeds are used for qualifying expenses as described in the CARES Act, such as payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent and utilities. The Company has used all proceeds for qualifying expenses. The Company received forgiveness for the loan under the Paycheck Protection Program and recognized a gain in other income for the full amount of the loan during the first quarter of 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

NOTE 4 – SAFE AND KISS LIABILITIES

The Company concluded the SAFE and KISS Liabilities contains a conversion feature as defined in the agreement and are classified as a liability under ASC 480 and determined the fair value to record within the SAFE liability on the balance sheet. At inception, the fair value of the SAFE liabilities was $537,876. The Company recognized a loss of $163,234 and $5,486 on the change in the fair value of the SAFE liabilities during the nine months ended September 30, 2021 and 2020, respectively. During the year ended December 31, 2020, the Company recognized a loss of $2,662 on the change in the fair value of the SAFE liabilities. As of September 30, 2021, the fair value of the derivative liability was $712,228. As of December 31, 2020, the fair value of the derivative liability was $548,994.

The table below discloses changes in value of the Company's embedded derivative liabilities discussed above.

SAFE liabilities balance at December 31, 2019	**$**	**546,332**
Loss recognized to revalue SAFE instrument at fair value		(2,662)
SAFE liabilities balance at December 31, 2020	**$**	**548,994**
Loss recognized to revalue SAFE instrument at fair value		(163,234)
SAFE liabilities balance at September 30, 2021	**$**	**712,228**

All of the SAFE and KISS notes were liquidated and cash payments were distributed to the holders on November 24, 2021 when the Company was acquired by Predictive Oncology Inc. *See - Note 1*.

NOTE 5 – LEASES

Our corporate offices are located in San Jose, California. The lease as amended has a 90-day perpetual term renewable on a month-to-month. Our leased space includes space used for office space and laboratory space. The lease was amended August 17, 2020.

Lease expense under operating lease arrangements with a term less than 12 months was $19,794 and $27,665 for the three months ended September 30, 2021 and 2020, respectively and $57,658 and $41,744 for the nine months ended September 30, 2021 and 2020, respectively.

NOTE 6 – FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the respective assets. Accumulated depreciation is included in fixed assets, net on the accompanying balance sheets. Estimated useful life of our laboratory assets is five years.

The Company's fixed assets consist of the following:

	September 30, 2021	December 31, 2020
Laboratory equipment	$ 43,212	$ 43,212
Less: Accumulated depreciation	(43,212)	(43,212)
Total fixed assets, net	$ -	$ -

Upon retirement or sale or fixed assets, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations expense. Maintenance and repairs are expensed as incurred.

Maintenance and repairs are expensed as incurred. Depreciation expense was $0 and $6,735 during the nine months ended September 30, 2021 and 2020, respectively, and $0 and $2,080 during the three months ended September 30, 2021 and 2020, respectively.

NOTE 7 – RELATED PARTY TRANSACTIONS

Shareholder Note

On March 20, 2015, the Company issued the Shareholder Note with a principal amount of $27,000 to Julia Kirshner, in exchange for cash proceeds of $27,000. See *Note 3 – Notes Payable*.

Investor Note

On October 4, 2019, the Company issued the Investor Note with a principal amount of $15,000 to Tom Kelly, in exchange for cash proceeds of $15,000. See *Note 3 – Notes Payable*.

NOTE 8 – INCOME TAXES

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

There is no federal or state income tax provision in the accompanying statements of net loss due to the cumulative operating losses incurred and 100% valuation allowance for the deferred tax assets.

Actual income tax benefit differs from statutory federal income tax benefit as follows:

	Nine months Ended September 30,	
	2021	2020
Statutory federal income taxes	$ 67,000	$ (63,000)
State tax benefit, net of federal taxes	22,000	(19,000)
Nondeductible/nontaxable items	7,000	-
Valuation allowance increase (decrease)	(96,000)	82,000
Total income tax benefit	$ -	$ -

Deferred taxes consist of the following:

	September 30, 2021	December 31, 2020
Deferred tax assets:		
Noncurrent:		
Depreciation	$ 4,000	$ 4,000
Accruals and reserves	6,000	5,000
Deferred revenue and loss on derivative instruments	67,000	42,000
NOL and credits	11,000	120,000
Total deferred tax assets	88,000	171,000
Deferred tax liabilities:		
Noncurrent:		
Prepaid assets	(1,000)	(1,000)
Total deferred tax liabilities	(1,000)	(1,000)
Net deferred tax assets	87,000	170,000
Less: valuation allowance	(87,000)	(170,000)
Total	$ -	$ -

The Company has determined, based upon its history, that it is probable that future taxable income may be insufficient to fully realize the benefits of the net operating loss ("NOL") carryforwards and other deferred tax assets. As such, the Company has determined that a full valuation allowance is warranted. Future events and changes in circumstances could cause this valuation allowance to change.

At December 31, 2020, the Company has approximately $394,000 of gross NOLs to reduce future federal taxable income, the majority of which are expected to be available for use in 2021. The federal NOL's of $145,000 expire beginning in 2036 if unused and $249,000 will carryforward indefinitely. The Company also has approximately $388,000 of gross NOLs and credits to reduce future state taxable income at December 31, 2020. The state NOL's will expire beginning in 2036 if unused. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2020, the valuation allowance was $170,000.

At September 30, 2021, the Company has approximately $0 of gross NOLs to reduce future federal taxable income. The Company's net deferred tax assets are subject to a full valuation allowance. At September 30, 2021, the valuation allowance was $87,000.

The Company recognizes interest and penalties on unrecognized tax benefits as well as interest received from favorable tax settlements within income tax expense. At September 30, 2021 and December 31, 2020, the Company recorded no accrued interest or penalties related to uncertain tax positions.

NOTE 9 – SUBSEQUENT EVENTS

On September 30, 2021, the Company entered into a letter of intent with Predictive Oncology Inc. for control of the Company to be acquired in a proposed transaction. The transaction closed on November 24, 2021 and the Company is now a wholly-owned subsidiary of Predictive Oncology Inc.

Exhibit 99.3

PREDICTIVE ONCOLOGY INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2021
(Unaudited)

	Predictive Oncology	zPREDICTA	Pro Forma Adjustments	Note Ref	Pro Forma
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 41,771,515	$ 440,161	(10,015,941)	a	$ 32,195,735
Accounts Receivable	275,860	76,189	-		351,382
Inventories	397,976	-	-		397,188
Prepaid Expense and Other Assets	595,224	31,267	-		626,491
Total Current Assets	43,039,908	547,617	(10,015,941)		33,571,584
Fixed Assets, net	3,810,240	-	-		3,810,640
Intangibles, net	3,199,047	-	6,300,000	b	9,499,047
Lease Right-of-Use Assets	961,419	-	-		961,419
Other Long-Term Assets	179,096	-	-		179,096
Goodwill	-	-	3,711,471	c	3,711,471
Total Assets	$ 51,190,110	$ 547,617	$ (4,470)		$ 51,733,257
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts Payable	$ 1,029,545	$ 2,877	$ -		$ 1,032,422
Accrued Expenses and other liabilities	940,892	18,106	1,286,628	d	2,245,626
SAFE Liabilities	-	712,228	(712,228)	e	-
Derivative Liability	225,498	-	-		225,498
Deferred Revenue	152,546	130,833	-		283,379
Lease Liability – Net of Long-Term Portion	637,352	-	-		637,352
Total Current Liabilities	2,985,833	864,044	574,400		4,424,277
Other Long-Term Liabilities	30,898	-	-		30,898
Lease Liability, long-term portion	388,473	-	-		412,272
Total Liabilities	3,405,204	864,044	547,400		4,843,648
Stockholders' Equity:					
Series B Convertible Preferred Stock	792	-	-		792
Common Stock	654,575	707	(707)	f	654,574
Additional Paid-in Capital	167,413,309	80,623	(80,623)	g	167,413,309
Accumulated Deficit	(120,283,770)	(397,757)	(497,540)	h,i	(121,179,067)
Total Stockholders' Equity	47,784,906	(316,427)	(578,870)		46,889,609
Total Liabilities and Stockholders' Equity	$ 51,190,110	$ 547,617	$ (4,470)		$ 51,733,257

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

PREDICTIVE ONCOLOGY INC.
PRO FORMA CONDENSED COMBINED STATEMENTS OF NET LOSS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(Unaudited)

	Predictive Oncology	zPREDICTA	Pro Forma Adjustments	Ref Note	Pro Forma
Revenue	$ 944,187	$ 878,939	$ -		$ 1,823,126
Cost of goods sold	350,800	-	-		350,800
Gross profit	593,387	878,939	-		1,472,326
General and administrative expense	7,410,208	155,757	452,500	j	8,018,465
Operations expense	1,791,543	352,092	112,370	k	2,256,005
Sales and marketing expense	447,298	2,971	-		450,269
Loss on goodwill impairment	2,813,792	-	-		2,813,792
Total operating loss	(11,869,454)	368,119	(564,870)		(12,066,205)
Other income	144,122	30,322	-		174,444
Other expense	(244,214)	-	-		(244,214)
Gain on derivative instruments	68,884	(163,234)	163,234	l	68,884
Gain on notes receivables associated with asset purchase	-	-	-		-
Net loss attributable to common shareholders	$ (11,900,662)	$ 235,207	$ (401,636)		$ (12,067,091)
Loss per common share basic and diluted	$ (0.23)	$	$		$ (0.24)
Weighted average shared used in computation - basic	51,272,960	N/A	N/A		51,272,960

PREDICTIVE ONCOLOGY INC.
PRO FORMA CONDENSED COMBINED STATEMENTS OF NET LOSS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020
(Unaudited)

	Predictive Oncology	zPREDICTA	Pro Forma Adjustments	Ref Note	Pro Forma
Revenue	$ 1,252,272	$ 563,288	$ -		$ 1,815,560
Cost of goods sold	447,192	-	-		447,192
Gross profit	805,080	563,288	-		1,368,368
General and administrative expense	10,351,973	185,537	603,333	m	11,140,843
Operations expense	2,351,709	331,316	150,216	n	2,833,241
Sales and marketing expense	584,937	14,159	-		599,096
Loss on goodwill impairment	12,876,498	-	-		12,876,498
Total operating loss	(25,360,037)	32,276	(753,549)		(26,081,310)
Other income	843,440	60	-		843,500
Other expense	(2,427,026)	-	-		(2,427,026)
Loss on early extinguishment of debt	(1,996,681)	-	-		(1,996,681)
Gain (loss) on derivative instruments	1,765,907	(2,662)	68,884	o	1,765,907
Gain on notes receivables associated with asset purchase	1,290,000	-	-		1,290,000
Net loss	$ (25,884,397)	$ 29,674	$ (750,887)		$ (26,605,610)
Deemed dividend	554,287	-	-		554,287
Net loss attributable to common shareholders	$ (26,438,684)	$ 29,674	$ (750,887)		$ (27,159,897)
Loss per common share basic and diluted	$ (2.21)	$ N/A	$ N/A		$ (2.27)
Weighted average shared used in computation - basic	11,950,154	N/A	N/A		11,950,154

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1 - Description of the Transaction

On November 24, 2021, Predictive Oncology Inc. (the "Company" or "Predictive") entered into an Agreement and Plan of Merger (the "Agreement") among the Company, a wholly owned subsidiary of the Company (the "Merger Sub"), zPREDICTA, Inc. ("zPREDICTA"), and a representative for certain parties who held interests in zPREDICTA. Also on November 24, 2021, the Company acquired zPREDICTA through the merger of Merger Sub with and into zPREDICTA, with zPREDICTA surviving as a wholly-owned subsidiary of the Company.

As consideration for the transaction, the stockholders and certain holders of interests in zPREDICTA as of immediately prior to the transaction collectively received consideration of approximately $10.0 million in cash, subject to adjustment for working capital. The Agreement contains customary and negotiated representations, warranties, and indemnity provisions. On the closing date, Julia Kirshner, the CEO of zPREDICTA, executed an employment agreement with the Company and became the President of the Company's zPREDICTA division.

zPREDICTA, which is now a division of the Company, was founded in 2014 and develops tumor-specific in vitro models for oncology drug discovery and research. zPREDICTA's mission is to accelerate the drug development process for its clients and partners by leveraging its team's expertise in carcinogenesis, metastasis and the tumor microenvironment. zPREDICTA develops complex in vitro models that recapitulate the physiological environment of human tissue and thus provide a more clinically relevant testing platform than commonly-used alternatives.

Note 2 - Basis of Pro Forma presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with GAAP and pursuant to the rules and regulations of SEC Regulation S-X and present the pro forma financial position and results of operations of the combined companies based upon the historical data of Predictive and zPREDICTA. For the purposes of the unaudited pro forma combined financial information, the accounting policies of the Company and zPREDICTA are aligned with no significant differences.

Note 3 - Preliminary Purchase Price Allocations

Fair value of the consideration	$	10,015,941	(2)
Assets acquired:			
Cash & cash equivalents		440,161	
Accounts receivable		76,189	
Prepaid expenses		31,267	
Intangible assets		6,300,000	
Liabilities assumed:			
Accrued expenses		(412,314)	
Deferred revenue		(130,833)	
Goodwill	$	3,711,471	(1)

The purchase price allocation has been derived from estimates. The Company's judgements used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed can materially affect the results of operations of the Combined Company. The total purchase price has been allocation on a preliminary basis to identifiable assets acquired and liabilities assumed based upon preliminary valuation studies and procedures performed to date. The estimated fair value and useful life for the intangible assets are (a) tradename $180,000 b) developed technology $4,880,000 and c) customer relationships $1,240,000 with useful lives of 6 years, 15 years and 5 years, respectively all using a straight-line method. As of the date of this filing, the valuation studies and procedures required to determine the fair value of the assets acquired, liabilities assumed, and the related allocations of purchase price are not complete. The final determination of the fair value of identifiable tangible and intangible assets acquired, and liabilities assumed may differ from the amounts reflected in the preliminary pro forma purchase price allocation and any differences could be material. Furthermore, the carrying values and, accordingly, fair values of zPREDICTA's working capital accounts may differ as of the transaction date, as compared to the amounts reported as of September 30, 2021. The Company will finalize the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the transaction date.

(1) To reflect the goodwill recognized as a result of the transaction.

(2) The fair value of the consideration transferred in the transaction has two components totaling $10,015,941:

(i) Upon the transaction, all outstanding shares of zPREDICTA stock was purchased for cash.

(iii) The Company repaid SAFE and KISS liabilities owed by zPREDICTA for cash of $630,456.

Note 4 – Adjustments to Unaudited ProForma Condensed Combined Balance Sheet and Condensed Combined Statements of Net Loss

a. Adjustment records the cash purchase consideration paid to consummate the transaction including $1 million escrow funded.
b. Adjustment to recognize the fair value of intangible assets acquired in the transaction at their fair values. Such intangibles are inclusive of trademark, customer relationships, and developed technology.
c. Adjustment recorded to reflect the preliminary amount of goodwill resulting from the excess of purchase consideration paid over the fair value of the net assets acquired, as if the transaction occurred as of September 30, 2021. Refer to Note 3 for details regarding the allocation of purchase consideration and the calculation of Goodwill resulting from the transaction. The amount of Goodwill ultimately recognized in purchase price accounting as of November 24, 2021 transaction closing date will differ from amounts shown in the unaudited pro forma combined financial statements due to changes to certain of zPREDICTA's reported current asset and liability balances subsequent to the date of the unaudited pro forma combined balance sheet.
d. Adjustment to record liabilities for zPREDICTA's transaction costs and other liabilities that were not incurred by zPREDICTA prior to September 30, 2021. These costs were not settled as of the transaction closing date. Also reflects the reclassification of a certain SAFE liability that was not settled as a part of the transaction.
e. Adjustment represents the elimination of the liability related to SAFE and KISS notes for cash as a part of the transaction.
f. Adjustment represents the removal of zPREDICTA's historical share capital in connection with purchase accounting.
g. Adjustment represents the removal of zPREDICTA's historical additional paid in capital in connection with purchase accounting.
h. Adjustments to give effect to the removal of zPREDICTA's accumulated deficit of $397,757
i. Adjustments to give effect to additional transaction costs incurred by Predictive of $895,297.
j. Adjustment to give effect to the amortization of intangibles acquired in the transaction for the nine months ended September 30, 2021.
k. Adjustment to give effect to the employment contract entered into for Julia Kirshner as a part of the transaction for the nine months ended September 30, 2021.
l. Adjustment to eliminate the fair value adjustment of the SAFE Liabilities for the nine months ended September 30, 2021.
m. Adjustment to give effect to the amortization of intangibles acquired in the transaction for the twelve months ended December 31, 2021.
n. Adjustment to give effect to the employment contract entered into for Julia Kirshner as a part of the transaction for the twelve months ended December 31, 2021.
o. Adjustment to eliminate the fair value adjustment of the SAFE Liabilities for the twelve months ended December 31, 2021.