



Inify
Laboratories

Inify Laboratories AB

Interim report for the third quarter 2023

This is Inify Laboratories

Our vision: World leading cancer diagnostics for everyone!

Who we are

We are a cross-professional team including corporate, technical, laboratory operations and medical expertise. All with extensive skills in their individual profession as well as extensive experience within healthcare and the pathology domain from different perspectives.

What we do

Inify Laboratories has built and established an ultra-modern laboratory concept that provides cancer diagnostics within histopathology, initially for diagnosing prostate cancer. Diagnostic services is offered to both public and private healthcare providers. The business model and technical setup allows for scalability in volume, diagnosis, and geographical expansion.

How we do it

We have constructed a unique setup of systems and processes enabling a fully digital, standardized and AI-supported workflow to optimize quality and shorten response times. Services are offered for selected cancer types, where specialization together with an optimal system and seamless machine-human integration is the standard.

Why we do it

Clinical pathology is currently under high pressure, with heavy workloads and limited – even declining – resources in many regions. Aging populations, increasing cancer incidence, and more frequent exams and screening programs further increase the workload. Solving the problem by manpower alone is simply not possible, as there is an acute lack of medical professionals within pathology. High workload combined with limited access to specialized expertise and modern technology increases the risk of diagnostic errors while limiting time and investments for modernization.

Third quarter highlights

- Customer on-boarding
- Accreditation process proceeding swiftly
- Cash position period-end of SEK 83.8 millions

Key figures	Q3 2023	Q3 2022	Full year 2022
Average number of shares	45 236 7506	45 236 750	34 519 438
Earnings per share (SEK)	-0.24	-0.22	-0.98
Solidity	93.4%	94.7%	91.0%
EBITDA (MSEK)	-11 011	-9 134	-42 274

The company use some figures that are considered as Alternative Performance Measures. Please see description under section Alternative Performance Measures and Definitions.



"The feedback from our customers is very positive and our test results are delivered on time with a good margin."

Letter from the CEO

Establishment phase initiated, first full quarter with continuous inflow of samples for prostate cancer diagnostics

The processing of prostate samples from patients began in June as planned. The initial phase has been used for optimization of all steps from sampling to report delivery. It was ideal to do this work during the summer when the number of samples are limited. The work is performed in close collaboration with our customers. The opening off the laboratory allowed us to commence the process for accreditation.

The feedback from our customers is very positive and we receive praise for consistency in quality and rapid response times.

The urology clinics

During the quarter, we optimized the process together with our customers to ensure that it flows as smoothly and efficiently as possible. So far, volumes are limited, which is partly because a lower number of prostate cancer diagnostics during summer when fewer patients go for tests, and clinics often close for summer vacation. Another factor is our ongoing accreditation process, a highly prioritized part of our business development. These factors are in line with our expectations. Our success rests on continuing to integrate customers with our structured process, ensuring that we deliver on our customer promises.

For each new customer (clinic), we set up a digital infrastructure for smooth, secure transfers of referrals and test results – a process that we have worked intensively to optimize. In addition, we organize logistics for the physical transportation of samples, as well as delivery of sampling materials to customers.

We continue to focus on customer meetings to increase market awareness and introduce our offering. Both the need for our services and their added value for patients and clinicians have been clearly confirmed, and we experience broad sup-

port and a clear desire to utilize our services.

System Development

We see an increasing competitive advantage with our proprietary laboratory system and its minimized dependencies on external suppliers. This gives us the flexibility to maintain our position at the forefront of technology through continuous, efficient development. Development and improvements that take months or years to implement in traditional laboratory systems are carried out in a matter of weeks, sometimes even hours, for us. This allows us to further develop our services with the highest efficiency and quality together with our employees and customers.

The Accreditation Process

At the end of September, we had an audit visit from Swedac, the control body for medical laboratories. The result of the audit served as further confirmation of how we as a team deliver at the highest level. With only a few minor remarks, the audit experts left us with a short list of actions that we addressed immediately. These experts, who regularly visit laboratories for review, were impressed by our operations and confirmed that what we offer is completely new and unique.

The accreditation of a unique, newly cre-

ated laboratory business such as Inify within just 6 months from opening would be not only a great achievement, but also an important milestone and quality stamp for the business. We see good conditions for fulfilling this goal.

Outlook

Our team continues to impress with its competence and commitment, manifested not least in the outcome of the accreditation audit. Everything is well planned and anchored throughout the organization, in line with its high-quality standards.

We continue to move forward with full focus on establishing ourselves by growing the customer base, all the while further developing and optimizing our system.

The acknowledgment and support we receive from existing and prospective customers, as well as other stakeholders, is highly evident. It is the most important confirmation of the value we create, and it strengthens our optimism and belief in our strong development going forward. This is just the beginning.

Fredrik Palm

Chief Executive Officer



“It is with great pleasure and confidence that I conclude that the pathology of the future is already here.”

Reflections from Inify's Chief Medical Officer

In June this year, Inify Laboratories received its first patient samples for prostate cancer diagnostics. Since then, we have analyzed prostate biopsies on a daily basis in a highly efficient, standardized, fully digital diagnostic process. The response has been unequivocally positive, both internally and from other parts of the healthcare system.

In our laboratory, staff can work efficiently, providing the basis for the highest digital image quality. Our technical staff works continuously to develop our software for even higher diagnostic quality, process efficiency and patient safety, and as a pathologist I make diagnoses in a unique digital environment of the highest class, with the support of AI algorithms for cancer detection.

We consistently keep our promises: responses within no more than five working days after biopsy. Thanks to these quick responses, the urologists treating the patients have already begun to change their routines, bringing patients back sooner for follow-up visits and making faster treatment decisions. This in turn means that the patients' wait for a decision often can be reduced by several weeks, and that those who need additional care can receive it sooner.

Our pathology reports, developed in-house in consultation with experienced urologists, are graphic and structured, making them easy to interpret which increases patient safety. In conclusion, the clinics that send prostate biopsies to Inify Laboratories are highly satisfied with our diagnostics and response times.

Key to our rapid development and high quality are our interdisciplinary development teams, which include pathologists, biomedical analysts, software developers, engineers, and AI developers. A modern clinical pathology laboratory contains several complex processes, and different professions have different unique knowledge of the various parts of the processes.

"In our laboratory, staff can work efficiently, providing the basis for the highest digital image quality."

By working together in the development teams daily, we have, in a short time, uncompromisingly optimized the entire tissue sample path – from the biopsy at the urology clinic, through our diagnostic laboratory flow, to the pathology report which forms the basis for the patient's further care.

We have a wide network of contacts in urology and pathology, both in Sweden and abroad, giving us unique opportunities to quickly collect knowledge about opportunities and needs in prostate cancer diagnostics. We have gathered all the necessary expertise, built and opened our laboratory, evaluated our diagnostic performance, and are now ready to offer our diagnostic services in healthcare on a broad scale.

In these times, when waiting times for cancer investigations are long and the healthcare system is struggling to cope, the way forward is clear: Inify Laboratories will offer fast, reliable diagnostics of the highest quality to all patients who need them, regardless of where they live.

It is with great pleasure and confidence that I conclude that the pathology of the future is already here.

Claes Lindh
Chief Medical Officer

Third quarter 2023

Company history and development

Inify Laboratories AB is a Swedish company, with registration number 559345-4431 and with its registered office in Stockholm, Sweden.

The company was incorporated in November 2021 as a subsidiary to ContextVision AB. After a resolution at an extraordinary general meeting in December 2021, Inify Laboratories was spun-off by a dividend of shares that was carried out in February 2022. During 2022 the company built its first laboratory and office facilities, and moved in at the end of 2022. During January 2023 a wholly owned subsidiary was formed, to support the business structure with a suitable organization. The laboratory launched its pathology services for healthcare providers in mid June 2023, focusing on prostate cancer for a start.

Inify Laboratories Group

The group consists of Inify Laboratories AB (publ), company registration number 559345-4431 as parent company, and Inify Laboratories Nordics AB, company registration number 559416-6828 as a wholly owned subsidiary, formed in January 2023.

The subsidiary's business primarily consists of running the daily laboratory and diagnostics operations in the group's first laboratory in Solna, Sweden. The parent company's business consists of managing the intangible assets, conducting research and development, group management and other administrative services at the group level.

Transactions which are eliminated on consolidation

Internal group receivables and liabilities, income or expense and unrealised gains or losses which arise from intra-Group transactions among group companies, are eliminated in the preparation of the consolidated financial statements.

Financial development

After the launch of the laboratory services in mid June, patient samples have been processed and diagnosed continuously during the third quarter. We saw some quarterly variations during the vacation period in July and August, when the number of samples were somewhat limited. Revenues in the third quarter amounted to SEK 284 thousands (0).

The groups costs mainly consist of personnel costs and other external costs.

Operating results

Inify's operating result for the third quarter 2023 was SEK -12.1 million (-9.7). The results after financial items was SEK -10.8

million (-9.7) in the same period.

Cash-flow and financing

Prior to the spin-off from the former parent company (ContextVision) in February 2022, assets were transferred from the parent company to Inify Laboratories with a total value of SEK 31.3 million. The assets transferred included tangible assets amounting to SEK 0.7 million, intangible assets amounting to SEK 10.1 million and bank funds of SEK 20.5 million.

At an extraordinary general meeting on 9 May 2022, it was resolved to carry out a private placement and a subsequent offering of NOK 150 million, to secure long term funding for the company. The raised capital was paid to the company during July 2022.

Cash and bank assets for the group at 30 September 2023 amounted to SEK 83.8 millions (144.5). Cash flow for the second quarter was SEK -11.9 millions (131.9). Equity at period end amounted to SEK 99.5 millions (151.7), resulting in an equity ratio of 93.5% (94.8%).

Tangible and intangible assets

Tangible assets at period end amounted to SEK 9.7 millions (3.3).

The intangible assets consist of the product Inify Prostate™, a decision support tool for prostate cancer diagnosis. It was initially developed by ContextVision, and was acquired and further developed by Inify Laboratories. It now serves as a fully integrated component in the internally customized laboratory information system. Intangible assets at period end amounted to SEK 6.7 millions (8.7).

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is calculated through the application of the first in, first out method (FIFO). Inventories at period end amounted to SEK 358 thousands (0).

Leasing

The company signed a leasing agreement for a combined office and laboratory facility at Campus Solna in June 2022. The premises were rebuilt and adapted to suit the business during 2022, and the company moved in during November 2022. The premises houses both the first laboratory as well as the head office for the company. In connection with signing the leasing agreement a deposit of SEK 875 thousand was paid. During the fourth quarter 2022 a new leasing agreement for offices in Linköping, mainly intended for R&D activities, were signed. The newly built premises was completed in January 2023, and the company moved in during the month.

Employees

At September 30th, 2023 the group had 22 (16) employees in total, all located in Sweden.

Incentive program

The Company's general meeting resolved on 9 May 2022 to implement a long-term incentive program for employees (the "Employee Incentive Program") and a long-term incentive program for board members (the "Board Member Incentive Program"). The long-term incentive program consists of a maximum of 3,935,599 options, divided between the Employee Incentive Program and the Board Member Incentive Program. Assuming that all options are exercised, this will correspond to a total dilution of approximately 8% based on the number of outstanding shares at the date of this report. Each option entitles the holder to acquire a new share or a warrant entitling to one share in the Company at an exercise price of NOK 4.80. The granted options vests over a 36-month period and may, as a general rule, only be exercised for the acquisition of new shares if the participant is still employed and the other conditions for qualified employee stock options under the Income Tax Act are met. The holder of options may exercise granted and vested options during the period from the end of the vesting period up to and including the tenth year from the date of grant.

Risks and uncertainties

The major risk factors and uncertainties for the company comprise, but are not limited to, risks related to the business and industry in which the Company operates, legal and regulatory risks, risks related to the Issuer's financial situation and risks relating to the shares and the listing of the shares on Euronext Growth Oslo. In addition to above, the management closely monitor and regularly evaluates any risk that could arise from inflation, increasing energy prices or the ongoing war in Europe. For further details on the company's major risk factors, please see the Information Document that was published in connection with the listing on Euronext Growth in June 2022 and the Annual Report 2022 that was published on April 12, 2023. The risks and uncertainties have not changed significantly since then.

Related party transactions

Transactions between the parent company and its subsidiary arise naturally in the operations when, for example, premises and certain resources are shared between the companies. During the third quarter, total intra-group revenues of SEK 390 thousands were reported in the parent company and corresponding costs in the subsidiary. Except from above, there has been no other significant transactions with related parties during the period.

Basis of preparation

The condensed financial statements for the second quarter 2023, ending June 30th 2023 have been prepared in accor-

dance with the Swedish Accounting Board's general advice BFNAR 2012:1 Annual accounts and consolidated accounts ("K3"). The condensed financial statements do not include all the information and disclosures required in the annual financial statements.

The parent company was incorporated on 10 November 2021 and its first financial year was extended to cover the period from establishment until 31 December 2022.

This report has not been reviewed by the company's auditors.

New and changed accounting principles

No new or changed accounting principles have had effect on the accounting for the period.

Subsequent events

During the period between period-end and the issuance of this report no significant events have occurred.

Shareholder information

- Inify Laboratories AB is listed on Euronext Growth Oslo under the ticker INIFY (ISIN SE0017486103).
- The company has a total of 45,236,750 shares outstanding. All shares have equal rights and are freely transferable.
- At September 30th, Inify had a total of 1,157 share holders.
- Detailed information on major shareholders can be found on the company's website www.inify.com. The 5 largest shareholders as of September 30th, 2023 are listed below.

	No of shares	%	Shareholder
1	27,181,386	60.09	Gallivant S.á.r.l.
2	4,691,412	10.37	Tauri AS
3	1,964,768	4.34	Günther-Hanssen, Sven
4	1,876,209	4.15	Danske Bank A/S
5	1,372,243	3.03	MP Pensjon AS

Financial calendar

This quarterly report will be published on the company's website on the 24th of October 2023. For further information, please visit www.inify.com.

24 October 2023 Publication of Q3 2023 Financial report

29 February 2024 Publication of Q4 and full year 2023 Financial report

Key figures SEK 1000

	Q3 2023	Q3 2022	Nine months 2023	Nov 2021 – Sep 2022*	Nov 2021 – Dec 2022*
Number of shares at period end	45 236 750	45 236 750	45 236 750	45 236 750	45 236 750
Average number of shares	45 236 750	45 236 750	45 236 750	34 519 438	34 519 438
Earnings per share	-0.24	-0.22	-0.86	-0.79	-0.98
Solidity (percent)	93.4%	94.7%	93.4%	94.7%	91.0%
EBITDA	-11 011	-9 134	-37 500	-34 195	-42 274

The company use some figures that are considered as Alternative Performance Measures. Please see description under section Alternative Performance Measures and Definitions.

* The company's first financial year was extended and covers 14 months.

Consolidated income statement in summary SEK 1000

	Q3 2023	Q3 2022	Nine months 2023	Nov 2021 – Sep 2022*	Nov 2021 – Dec 2022*
Net sales	284	0	409	0	0
Total sales	284	0	409	0	0
Cost of goods	-131	0	-183	0	0
Other external costs	-4 670	-4 127	-16 583	-20 457	-21 974
Personnel costs	-6 492	-5 007	-21 136	-13 737	-20 299
Depreciation	-1 103	-600	-3 255	-1 496	-2 345
Operating results	-12 114	-9 734	-40 755	-35 691	-44 619
Interest income	1 342	0	1 880	0	463
Interest cost	0	0	0	-1	-1
Results after financial items	-10 770	-9 735	-38 869	-35 692	-44 157
Tax	0	0	0	0	0
Net results	-10 770	-9 735	-38 869	-35 692	-44 157

* The company's first financial year was extended and covers 14 months

Consolidated statement of comprehensive income SEK 1000

	Q3 2023	Q3 2022	Nine months 2023	Nov 2021 – Sep 2022*	Nov 2021 – Dec 2022*
Net result for the period	-10 770	-9 735	-38 869	-35 692	-44 157
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)	0	0	0	0	0
Total comprehensive income	-10 770	-9 735	-38 869	-35 692	-44 157

* The company's first financial year was extended and covers 14 months

Consolidated balance sheet in summary SEK 1000

	September 30, 2023	September 30, 2022	December 31, 2022
Assets			
Intangible fixed assets	6 728	8 746	8 241
Tangible assets	9 743	3 321	9 341
Other financial assets	875	875	875
Inventories and other current assets	358	0	1 094
Current receivables	4 921	2 640	4 057
Cash and bank	83 846	144 493	128 521
Total assets	106 470	160 075	152 128
Equity and liabilities			
Equity	99 503	151 682	138 372
Current liabilities	6 967	8 393	13 756
Total equity and liabilities	106 470	160 075	152 128

Consolidated change in equity in summary SEK 1000

	Q3 2023	Q3 2022	Nov 2021 – Dec 2022*
Opening balance	110 273	5 796	500
Total comprehensive income for the period	-10 770	-9 735	-44 157
Contributed Capital	0	0	31 253
New shares issue	0	155 621	150 776
Total	99 503	151 682	138 372

* The company's first financial year was extended and covers 14 months

Parent company income statement in summary SEK 1000

	Q3 2023	Q3 2022	Nine months 2023	Nov 2021 – Sep 2022*	Nov 2021 – Dec 2022*
Net sales	390	0	390	0	0
Total sales	390	0	390	0	0
Cost of goods	-74	0	-81	0	0
Other external costs	-4 602	-4 127	-16 238	-20 457	-21 974
Personnell costs	-6 195	-5 007	-20 839	-13 737	-20 299
Depreciation	-1 096	-600	-3 237	-1 496	-2 345
Operating results	-11 576	-9 734	-40 005	-35 691	-44 619
Interest income	1 342	0	1 880	0	463
Interest cost	0	0	-252	-1	-1
Results after financial items	-10 234	-9 735	-38 125	-35 692	-44 157
Tax	0	0	0	0	0
Net results	-10 234	-9 735	-38 125	-35 692	-44 157

* The company's first financial year was extended and covers 14 months

Parent company balance sheet in summary SEK 1000

	September 30, 2023	September 30, 2022	December 31, 2022
Assets			
Intangible fixed assets	6 728	8 746	8 241
Tangible assets	9 607	3 321	9 341
Other financial assets	1 653	875	875
Inventories and other current assets	21	0	1 094
Current receivables	6 029	2 640	4 057
Cash and bank	82 564	144 493	128 521
Total assets	106 602	160 075	152 128
Equity and liabilities			
Equity	100 247	151 682	138 372
Current liabilities	6 355	8 393	13 756
Total equity and liabilities	106 602	160 075	152 128

Parent company change in equity in summary SEK 1000

	Q3 2023	Q3 2022	Nov 2021 – Dec 2022*
Opening balance	110 481	5 796	500
Total comprehensive income for the period	-10 234	-9 735	-44 157
Contributed Capital	0	0	31 253
New shares issue	0	155 621	150 776
Total	100 247	151 682	138 372

* The company's first financial year was extended and covers 14 months

Signatures

The board and the CEO certify that this interim report for the period 1 July – 30 September 2023 to the best of our knowledge, includes a fair and true review of the company's significant events, operations, financial position, results and related party transactions, and also describes the significant risks and uncertainties that the company faces.

Stockholm, 24 October, 2023

Olof Sandén
Chairman of the board

Fredrik Palm
CEO

Martin Ingvar
Boardmember

Magne Jordanger
Boardmember

Alternative performance measures and definitions

In its financial reports, the company presents certain financial measures, including Key Figures, which are considered as Alternative Performance Measures (APM). The company believes that these figures provide useful supplementary information to investors and the company's board and management as they enable a better evaluation of the company's financial performance. Because not all companies calculate the financial figures in the same way, these are not always comparable to measures used by other companies.

Key figure	Definition	Motivation for usage
Earnings per share after tax (Return on equity)	Net result for the period divided by the number of outstanding shares at period end.	Earnings per share shows the company's results in relation to shares, and provides additional information regarding the company's profitability.
Solidity (Equity ratio)	Equity at period end as a percentage of total assets.	The equity ratio shows the company's long term ability to pay its debts and is a complement to other key figures. It helps assess the possibility of dividends.
EBITDA	Earnings before interest, taxes, depreciation and amortization. Operating profit/loss before interest, taxes, impairment and depreciation/amortization.	EBITDA shows the company's underlying development, which is valuable as an indication of the company's underlying cash-generating capacity.

Definitions

Accreditation

Accreditation is a formal recognition that an organization is competent to perform specified tasks in testing, inspection and certification.

Artificial Intelligence (AI)

Artificial Intelligence is the intelligence exhibited by machines or software.

Biopsy

A small tissue sample taken with a hollow needle.

Digital Pathology

Digital pathology refers to the digital images of histopathology samples. The digitalization is achieved by scanning the prepared samples.

Histopathology

Examination of tissue specimens to study the visible manifestations of disease.

Image analysis

Processing a digital image in order to describe/classify its contents or to extract quantitative measurements.

Machine Learning

Machine learning is the study of computer algorithms that improve automatically through experience.

Specimen

Part of a human body (e.g., Biopsy Specimen) or organ that is to be examined by the laboratory.



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Inify Laboratories provides cancer diagnostics through ultra-modern laboratory services within histopathology. Fully digital, standardized and AI-supported workflow is applied to optimize quality and response times, initially for prostate cancer. The concept is scalable and extendable to other diagnosis. The company origins from ContextVision and became independent in February 2022. The company is based in Sweden and listed on Euronext Growth Oslo under the ticker INIFY.