



Inify Laboratories AB

Interim report for the fourth quarter and full year 2022

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 are building and establishing an ultra-modern laboratory concept that will provide cancer diagnostics within histopathology, initially for diagnosing prostate cancer. Diagnostic services will be 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 construct a unique setup of systems and processes enabling a fully digital, standardized and AI-supported workflow to optimize quality and shorten response times. Services will be 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.

Fourth Quarter Highlights



- Moving to new facilities
- Successfull system test
- Exhibit at urology conference
- Positive market response
- Cash position year-end SEK 129 millions



Letter from the CEO

Ultramodern laboratory business for cutting-edge cancer diagnostics completed in record time

In less than a year, we have gone from becoming an independent company to establishing an ultramodern laboratory and a dedicated team. This was made possible by strong long-term investors and hand-picked expertise with deep knowledge within our application domain.

The fourth quarter sees us reaching practically all the milestones required to be able to start the new year with tests of our diagnostic service before its launch, which is expected to take place in the first half of 2023. Total costs so far are in line with our expectations, thanks to careful project planning and successful teamwork within our interdisciplinary teams, as well as close collaboration with external suppliers.

Company development in 2022

Until February, Inify was part of Context-Vision, first as a business unit and later as a wholly owned subsidiary. There we conducted research and development of advanced AI -software for pathological image diagnostics in prostate cancer for about 5 years.

We became independent through a spin-off, where assets such as intellectual property rights regarding AI software for prostate diagnostics and liquid funds

were included. The spin-off was executed through a distribution of shares to existing shareholders.

We then carried out a targeted share issue, where the company's largest owner took extensive responsibility as lead investor, accompanied by several major shareholders, board members and management. Together with a subsequent repair issue, a solid financing of NOK 150 million was completed.

The company was listed on Euronext Growth in Oslo in June. Trading activity from day of introduction to the end of the year shows proof of interest and belief in the company's concept and business idea.

Center of Excellence Laboratory

During the spring, we signed a lease for well-suited premises at Campus Solna. Our project team developed a unique design, after which laboratory construction immediately commenced. The laboratory, which also includes our headquarters,

“2022 was the year we moved from planning and analysis to action and construction.”



was ready for occupancy in mid-November, and shortly thereafter for subsequent installations of all equipment. By the end of the year, just about everything was in place for testing, tuning and validation, which will start at the beginning of 2023. In parallel with the laboratory's construction, our software team has been developing its IT system. In November, we signed an agreement for new modern premises in Linköping, where a large part of our software development takes place. In early October, we carried out successful tests of our unique system, where we followed each step of the sample journey from referral to diagnosis, including the report sent to the referring doctor. Every part of the process is standardized with full traceability.

The market

Throughout the construction period, we have seen a highly positive response in our dialogues with future customers – urology clinics and pathologists. Future users show great curiosity in Inify, looking forward to its holistic approach that can take pathological cancer diagnostics into the future.

At the beginning of the fourth quarter, we participated in our first urology conference in Sweden. The goal of our participation was to create awareness, further relationships with known contacts, and expand our network of prospective customers. The response exceeded our already high expectations, and we close the year with a strong belief that our first patients will be diagnosed according to schedule.

The team

In the first half of the year, an interdisciplinary team was established, featuring technical and clinical expertise within prostate cancer diagnostics. This combination of various specialist competences, all within the same organization and sharing the same goals, is a significant success factor for our development. In the fourth quarter, the team further expanded with both hires and consultants for special assignments within the company. This year's recruitments have made our attraction as an employer evident. The higher purpose and potential of our business – combined with a corporate culture where commitment, teamwork and innovation are core values – have drawn much interest among potential recruits.

To me, our development in 2022 is clear proof of the power that exists in the team – from each individual employee, all the way to the board.

Moving forward

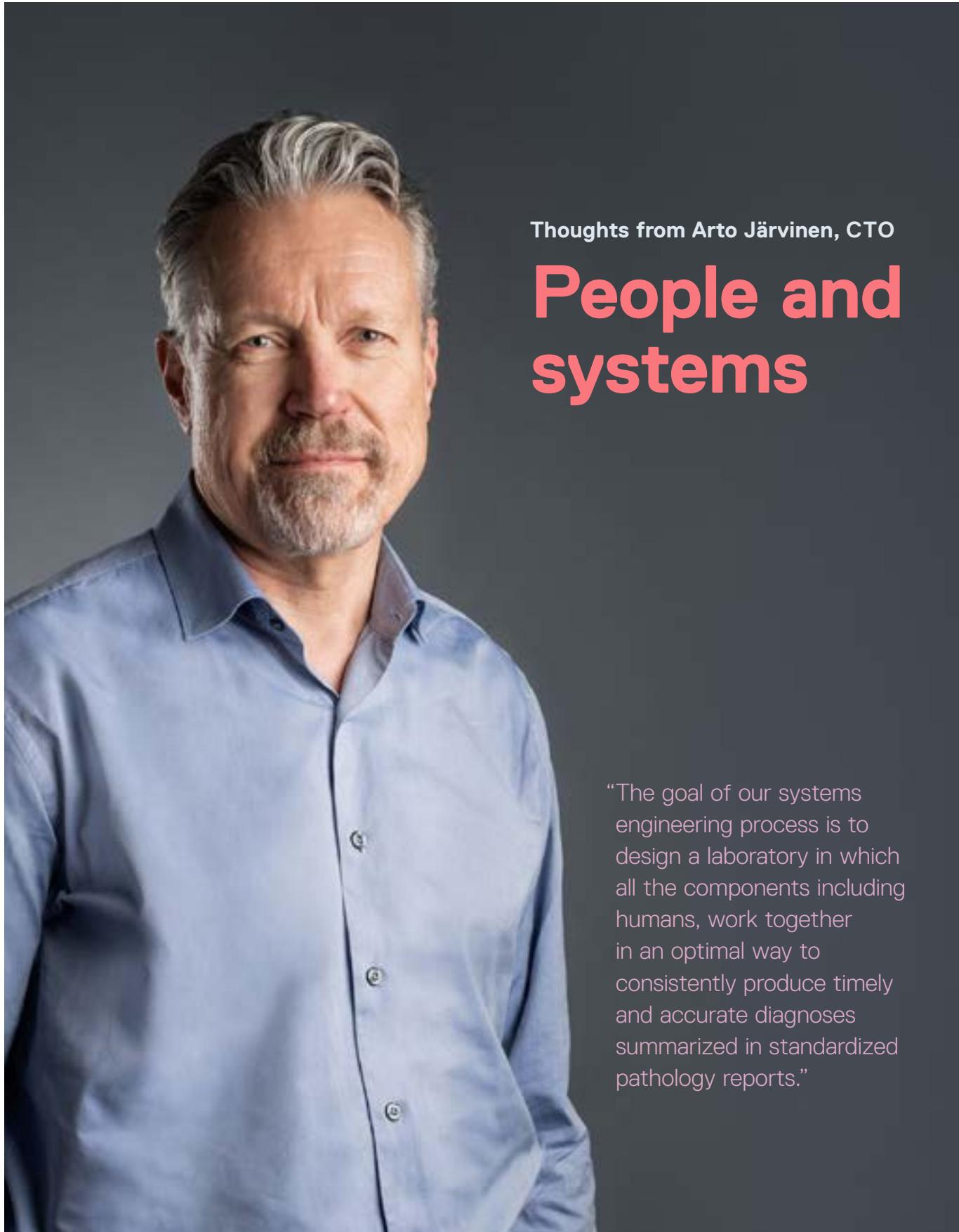
2022 was the year we moved from planning and analysis to action and construction, every phase carried out with impressive quality and speed.

In 2023, we enter the opening and establishment phase, and plan to follow it with international expansion in the coming years.

The organization's strong drive and competence, combined with clear market needs and positive customer response, only strengthen my conviction that this is the beginning of a groundbreaking development. We continue at full speed towards our goal – setting a new world standard in cancer diagnostics for the benefit of doctors and patients.

Fredrik Palm

Chief Executive Officer



“The goal of our systems engineering process is to design a laboratory in which all the components including humans, work together in an optimal way to consistently produce timely and accurate diagnoses summarized in standardized pathology reports.”

Managing complexity

A digital histopathology laboratory is a complex system, much in the same way as a space station is a complex system. It consists of many sophisticated technical components such as information systems, AI algorithms, laboratory equipment, special purpose furniture, logistics and material handling systems, laboratory premises, and utilities. It also of course includes human “components” such as laboratory scientists, engineers, and pathologists.

Acknowledging the similarities between a laboratory and a space station, we have adopted a design process known as “systems engineering” for designing our laboratories. It is similar to the design processes used by space agencies for designing space missions.

Holistic approach

The goal of our systems engineering process is to design a laboratory in which all the components including humans, work together in an optimal way to consistently produce timely and accurate diagnoses summarized in standardized pathology reports. An example of an important interaction to optimize is that between the equipment that produce the digital image and the AI algorithm that analyzes the digital image. Another one is the interaction between the AI algorithm and the pathologist. Such optimizations require a system perspective as they depend on the function of, and interaction between many system components. Since we are designing the laboratory from zero and not “digitizing” an existing laboratory, we have the advantage of being free to choose all components and tune all interactions to a cohesive whole.

The team

Systems engineering can only be mastered by a design team that is both multidisciplinary and interdisciplinary. The design team needs to have deep knowledge in laboratory science, health informatics, machine learning, pathology, and many other subject matters. It also needs to have effective and efficient communication between the subject matter experts. To build such a team in the context of a

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traditional health care organization is a challenge due to several factors:

- Having different backgrounds, the team members use different and often non-overlapping languages making communication difficult.
- The team members often belong to different organizations (e.g., a health care provider and an AI startup) with conflicting objectives, time plans, and priorities.
- The team members understand too little about each other’s area of expertise to be able to build a common understanding of the system they are designing and to be able to make good system level decisions.

Our systems engineering teams are drawn from our own research and development organization that has worked intensely and in a structured manner to overcome the challenges above.

We have compiled our own ontology adopted by all team members to enable unambiguous communication between people, between people and information systems, and between information systems. Our ontology is based on standard ontologies such as Snomed CT where applicable.

The work is organized as projects with clear goals, dedicated project team resources representing all disciplines, with a strong focus on good communication, and professional project management. The project goals are tightly aligned with the company goals.

We continually learn individually, we educate each other about our area of expertise via various fora such as our biweekly knowledge sharing meetings, and we transform the acquired knowledge into structural capital.

Culture is essential

Last but not least we are building and reinforcing a psychologically safe company culture where all team members feel comfortable and motivated to share their expertise and ideas, so that we can leverage the full range of knowledge and perspectives available to us in order to create the most effective solution.

Using advanced systems engineering methods, a truly multidisciplinary and interdisciplinary design team with aligned goals, deliberate knowledge management, and a supporting culture we are in the position to design and build the best histopathology laboratories in the world and further the state of the art of histopathology.

Arto Järvinen

Chief Technical Officer

Fourth quarter and full year results 2022

Company development

Inify Laboratories AB is a Swedish company, with registration number 559345-4431 and with it's 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. The company has during 2022 built it's first laboratory and office facilities, and moved in during Q4 2022. It's business will be pathology services for healthcare providers, focusing on prostate cancer for a start.

Financial development

Due to the recent forming of the company it has not yet any customer contracts and no revenue has been recorded during the period. The first revenues are expected during the first half of 2023, depending on the speed of installation of equipment, necessary accreditation of the laboratory and market acceptance. The company's costs mainly consist of personnel costs and other external costs.

Operating results

Operating result for the fourth quarter 2022 was SEK -9.0 millions and for the full year SEK -44.6 millions. Results after financial items was SEK -8.5 millions for the quarter and SEK -44.2 millions for the full year.

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 secures long term funding for the company. The raised capital was paid to the company during July.

Cash and bank assets at 31 December amounted to SEK 128.5 millions. Cash flow for the 4th quarter was SEK -16.0 millions and for the full year SEK 129 millions. Equity at period end amounted to SEK 138.4 millions, resulting in an equity ratio of 91.0%.

Tangible and intangible assets

During the fourth quarter 2022 Inify invested SEK 6.4 millions in tangible assets. Investments in tangible assets for the full year amounted to 9.2 MSEK.

The current intangible assets consist of the product INIFY Prostate™ which the company intends to use as an internal tool in the cancer diagnosis process. Capitalization will be recorded as intangible assets when the product development meets specified requirements. During 2022 no development projects have reached the specified requirements and no capitalization has been registered.

Since the company currently is establishing and equipping it's first laboratory, further investments in laboratory equipment and hardware for research can be expected during the coming periods.

Leasing

The company signed a leasing agreement for a combined office and laboratory facility at Campus Solna in June 2022. The premises have been 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 a new leasing agreement for offices in Linköping, mainly intended for R&D activities, were signed. The new premises will be ready for move in during January 2023.

Personnel resources

At December 31st, 2022 the company had 17 employees, all located in Sweden. Since the date of incorporation in November 2021 and onward, new personnel resources have regularly been recruited to join the company. Personnel costs for the fourth quarter 2022 amounted to SEK 6.6 millions and for the full year 2022 the costs was SEK 20.3 millions.

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 exercise price and the number of new shares each option entitles to may be subject to recalculation. 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 risk factors, please see the Information Document that was published in connection with the listing on Euronext Growth in June 2022. The risks and uncertainties have not changed significantly since then.

Related party transactions

Board member Martin Ingvar was engaged as consultant through his own company Brain Business AB during the incorporation phase of the company. His engagement was executed on an hourly basis approved by the CEO.

Transearch International Sweden AB – an executive search firm where Olof Sandén, Chairman of the board is a partner, was engaged for recruitment of the Chief Medical Officer. It was a time limited agreement for this specific recruitment process and it was completed in June.

During the year Inify Laboratories has received both consultancy and coworking services from ContextVision AB at a total cost of SEK 3.3 millions. Remuneration according to employment contract has been paid to key personnel.

Other than set out above, there has been no significant transactions with related parties during the period.

Basis of preparation

The condensed financial statements for the 4th quarter 2022, ending December 31st 2022 have been prepared in accordance 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 company was incorporated on 10 November 2021 and it's first financial year has been extended to cover the period from establishment until 31 December 2022. Comparative figures for

previous periods are therefore not available.

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

In January 2023 a wholly owned subsidiary was founded and a group was thereby formed. The subsidiary will run the daily operations for the first laboratory in Solna, Sweden, while the parent company will hold the intellectual property rights, and run the R&D, senior management and general support services on a group level. During the period between period-end and the issuance of this report no other significant events have occurred.

Shareholder information

- Inify Laboratories AB was listed on Euronext Growth Oslo on June 20th, 2022 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.
- Current information on major shareholders can be found on the company's website www.inify.com.

Financial calendar

This quarterly report will be published on the company's website on the 22nd of February 2023. For further information, please visit www.inify.com.

22 February 2023 **Publication of Q4 and full year 2022 Financial report**

12 April 2023 **Publication of Annual Report 2022**

26 April 2023 **Publication of Q1 2023 Financial report**

16 May 2023 **Annual General Meeting**

23 August 2023 **Publication of Q2 2023 Financial report**

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

	Q4 2022	Q4 2021 [*]	Nov 2021 – Dec 2022 ^{**}	Full year 2021 [*]
Number of shares at period end	45 236 750	n/a	45 236 750	n/a
Average number of shares	45 236 750	n/a	34 519 438	n/a
Earnings per share	-0.19	n/a	-0.98	n/a
Solidity (per cent)	91.0%	n/a	91.0%	n/a
EBITDA	-8 131	n/a	-42 274	n/a

The company use some figures that are considered as Alternative Performance Measures.

Please see description under section Alternative Performance Measures and Definitions.

^{*} The company was founded in November 2021, wherefore no comparative figures are available.

^{**} The company's first financial year has been extended and covers 14 months.

Income statement in summary SEK 1000

	Q4 2022	Q4 2021 [*]	Nov 2021 – Dec 2022 ^{**}	Full year 2021 [*]
Net sales	0	n/a	0	n/a
Total sales	0	n/a	0	n/a
Cost of goods	0	n/a	0	n/a
Other external costs	-1 570	n/a	-21 974	n/a
Personnell costs	-6 561	n/a	-20 299	n/a
Depreciation	-849	n/a	-2 345	n/a
Operating results	-8 980	n/a	-44 619	n/a
Interest income	526	n/a	463	n/a
Interest cost	0	n/a	-1	n/a
Results after financial items	-8 455	n/a	-44 157	n/a
Tax	0	n/a	0	n/a
Net results	-8 455	n/a	-44 157	n/a

^{*} The company was founded in November 2021, wherefore no comparative figures are available.

^{**} The company's first financial year has been extended and covers 14 months

Statement of comprehensive income SEK 1000

	Q4 2022	Q4 2021 [*]	Nov 2021 – Dec 2022 ^{**}	Full year 2021 [*]
Net result for the period	-8 455	n/a	-44 157	n/a
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)	0	n/a	0	n/a
Total comprehensive income	-8 455	n/a	-44 157	n/a

^{*} The company was founded in November 2021, wherefore no comparative figures are available.

^{**} The company's first financial year has been extended and covers 14 months

Balance sheet in summary SEK 1000

Assets	Q4 2022	Q4 2021*	Dec 2022**	Full year 2021*
Intangible fixed assets	8 241	n/a	8 241	n/a
Tangible assets	9 341	n/a	9 341	n/a
Other financial assets	875	n/a	875	n/a
Inventories and other current assets	1 094	n/a	1 094	n/a
Current receivables	4 057	n/a	4 057	n/a
Cash and bank	128 521	n/a	128 521	n/a
Total assets	152 128	n/a	152 128	n/a
Equity and liabilities				
Equity	138 372	n/a	138 372	n/a
Current liabilities	13 756	n/a	13 756	n/a
Total equity and liabilities	152 128	n/a	152 128	n/a

*The company was founded in November 2021, wherefore no comparative figures are available.

Change in equity in summary SEK 1000

	Q4 2022	Q4 2021*	Dec 2022**	Full year 2021*
Opening balance	151 672	n/a	500	n/a
Total comprehensive income for the period	-8 455	n/a	-44 157	n/a
Contributed Capital	0	n/a	31 253	n/a
New shares issue	-4 845	n/a	150 776	n/a
Total	138 372	n/a	138 372	n/a

*The company was founded in November 2021, wherefore no comparative figures are available.

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

Signatures

The board and the CEO certify that this interim report for the period 1 October - 31 December 2022 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, 22 February, 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.



Inify
Laboratories

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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 originates from ContextVision and became independent in February 2022. The company is based in Sweden and listed on Euronext Growth Oslo under the ticker INIFY.