



Prostatype Genomics AB

Org. 556726-0285

Quarterly report Q3 2022

1 July 2022 – 30 September 2022

Quarter 3 (1 January – 30 June 2022 compared with 1 July – 30 September 2022) summarized

- **Net sales amounted to 109 (0) TSEK.**
- Net revenue amounted to 110 (426) TSEK.
- EBITDA (earnings before interest, taxes, depreciation, and amortization) amounted to -7 175 (-3 613) TSEK.
- Cash flow from current operations in the quarter amounted -8 526 (-3 831).
- Total cash flow for the period amounted to 10 627 (18 888) TSEK.
- Earnings per share amounted to -0,35 (-0,25) SEK.

Year to date (1 January – 30 September 2022 compared with prior year to date 1 January 2021 – September 2021) summarized

- **Net sales amounted to 378 (10) TSEK.**
- Net revenue amounted to 378 (1 787) TSEK.
- EBITDA (earnings before interest, taxes, depreciation, and amortization) amounted to -19 113 (-9 748) TSEK.
- Cash flow from current operations in the quarter amounted -19 844 (-10 697) TSEK.
- Total cash flow for the period amounted to -891 (10 697) TSEK.
- Earnings per share amounted to -0,92 (-0,65) SEK.



Prostatype Genomics

Significant events during the Third Quarter

Strengthened commercial organization

Prostatype Genomics continues to strengthen the European sales organization and has hired Albin Bremer as sales manager responsible for the Nordic market. Albin has over 20 years of experience from both sales and sales manager roles in several leading pharmaceutical companies such as Abbott and ALK-Abelló. Most recently, Albin comes from Ipsen where he was involved in starting up and developing the company's oncology division with a strong commercial focus. With many years of experience in prostate cancer, Albin has a great understanding of how the disease affects patients and the challenges healthcare faces when it comes to better prognosticating patients with established prostate cancer.

Improved availability for laboratories

In collaboration with Karolinska Institutet in Stockholm, Prostatype Genomics has carried out an extensive validation process with the aim of significantly increasing the commercial and technical availability of Prostatype®. By validating laboratory kits from additional suppliers as well as several instruments for RNA amplification, many more laboratories can now perform the test as the results from the validations turned out positive.

Strong results for Prostatype® in Asian pilot study

The recent study was conducted in China in collaboration with the Nanjing Drum Tower University Hospital, Jiangsu, and Prostatype Genomics' partner GloriousMed based in Shanghai. The study indicates that the clinical performance of Prostatype® in East Asian population is in line with the results previously communicated results in several studies in Caucasian populations.

Outcome of rights issue of units

The Company's rights issue of units was closed on July 20. The rights issue was subscribed for a total of approximately SEK 17.9 million, including pre-subscription commitments of approximately SEK 8.5 million, corresponding to a subscription ratio of 79.5 percent. In addition, guarantee commitments corresponding to approximately SEK 4.6 million have been activated, meaning that Prostatype Genomics is provided 100 percent of the issue volume. Prostatype Genomics will thus initially receive approximately SEK 22.5 million before deduction of transaction related costs of approximately SEK 3.1 million in total (including compensation to guarantors of approximately SEK 1.4 million). Through the rights issue, 7,755,895 shares and 7,755,895 warrants of series TO 2 are issued. A total of 306,315 units (corresponding to approximately SEK 16.9 million) were subscribed for with the support of unit rights, including subscription commitments of approximately SEK 8.5 million. The allocation of units has been made in accordance with the allocation principles described in the prospectus that was published by the Company on the 28 June 2022.

Events after the balance day

Changes in the sales organization and updated sales forecast

The company notes that progress has been made in the designated target markets. In collaboration with local clinics, we are now building up the routines and processes that are necessary for Prostatype® to be used routinely in each market in a simple way. Innovations such as Prostatype give healthcare completely new opportunities, while initially challenging existing routines and established processes, which is why the sales trend is slightly shifted forward at a time when healthcare needs time to adapt. To strengthen the development, Prostatype Genomics is moving the responsibility for the sales organization to Sweden to ensure that the entire process takes place as uniformly and efficiently as possible. In connection with this, Mats Bergström has been hired as Sales Director EMEA. Mats has a long and solid experience from sales and introduction of new advanced Medtech products and will significantly strengthen the Company's commercial ability. The sales forecast for the year has also been updated to SEK 700,000.

New CTO

On November 8, Emelie will take over the important role of CTO of Prostatype Genomics from Lidi Xu, who has held the position since 2019. Lidi is leaving the company to move back to China with her family but will continue to work on various projects for Prostatype Genomics. Emelie Berglund has a PhD in Biotechnology from the Royal Institute of Technology in Stockholm, and more than seven years of combined research experience within prostate cancer. After her degree, Emelie has led the R&D operations of a Swedish life science company that develops products in cancer detection and biomarker analysis.

CEO comments

Positive momentum

During the third quarter, we have taken several measures to intensify the commercialization process, and we are now experiencing positive signals in several markets, although we naturally would like to see faster decision-making processes within certain parts of the healthcare systems. The key thing, however, is that we get confirmation from our customers that Prostatype® fulfils the existing clinical need and that sales have started to come in, albeit still at low levels. The fact that the healthcare system sees the added value of Prostatype® so clearly that they want to introduce the product into clinical routine in order to more effectively stratify patients diagnosed with prostate cancer is of course crucial to further marketing.

Sales and market development

We can already state that full year sales for 2022 will not reach the expectations we had at the beginning of the year. During the quarter, the Company had a turnover of around 0.1 MSEK, which means that we have reached a turnover of around 0.4 MSEK during the three first quarters of the year. However, we are in a positive trend in terms of sales, and it is obvious that we are making concrete progress. In total, we have acceptance from more than 100 clinics/healthcare facilities that will begin their own evaluation of Prostatype®, which is very gratifying. Of these, about 20 units have already completed their validation with good results. A further 30 or so units are currently in the middle of the evaluation phase. To this must be added another 50 or so units that are about to start their evaluation of Prostatype.

Of the 20 or so healthcare facilities that have already completed their evaluation, all have expressed a wish to work with Prostatype® in clinical routine. A better rating is difficult to achieve, and it clearly shows the potential Prostatype® possesses, which will result in a continued sales growth.

It is also gratifying to note that healthcare is increasingly turning directly to Prostatype Genomics for information about Prostatype® and this is the clearest proof of all that we are on the right track to the satisfaction of shareholders, patients, and healthcare systems. We have now increased our focus on building up, in collaboration with local clinics, the routines and processes that are necessary for Prostatype® to be used routinely in a simple way. Innovative tests and therapies give healthcare completely new opportunities, while initially challenging existing routines and established processes. It is our task to find, together with the local healthcare system, the logistical and practical solutions required to make Prostatype® available to more and more patients diagnosed with prostate cancer.

To put things into perspective, there are around 23,000 urologists active in the target markets we work with within EMEA. An average urologist specializing in prostate cancer sees approximately 80 newly diagnosed patients each year. Roughly 50 of these patients have a low or intermediate risk, which is the patient group where Prostatype® provides the most benefit. Concretely, this means that globally we only need to have 150 urologists using Prostatype® routinely for us to break even. This means a penetration rate of less than 1% and shows the very interesting financial possibilities an investment in Prostatype Genomics entails. We still have some way to go before we achieve this goal, but we are clearly on the right track and with all the positive comments we are getting from our customers, it feels reassuring.

To be able to respond even better to our customers' expectations, it is a pleasure to welcome Mats Bergström and Albin Bremer to Prostatype Genomics. Mats has taken overall sales responsibility for Europe and possesses an invaluable knowledge of successfully introducing medical innovations to the

European markets and we have already seen concrete results of what Mats will contribute. Albin is responsible for sales for the Nordic market and has more than 20 years of experience in the therapy area of urology, which of course means very good access to our priority customers. During the quarter, Albin has done an enormous amount of work in a very short time, and we all have reason to look forward to Albin's further efforts for the company.

US

Another very interesting region is of course the USA. Not only is the US market huge in terms of value, but it is also characterized by a level of maturity and a general healthcare acceptance of prognostic markers that is more than a decade ahead of Europe. The successful rights issue we completed during the summer now gives us opportunities to increase the speed of our US establishment, and I expect to get back to you with exciting news shortly.

New opportunities to use Prostatype® locally strengthen our offering

One of the major commercial and scientific strengths of Prostatype® is the simplicity of performing the test, enabling most qualified testing laboratories to perform it locally. To open up for even more testing laboratories to be able to use Prostatype®, we have executed an extensive process to validate laboratory kits as well as instruments for RNA amplification from a number of different suppliers. The validation process was carried out together with the Karolinska Institutet in Stockholm and the results mean great logistical advantages, as the number of laboratories that can perform the test, in Sweden, Europe and globally, increases dramatically.

In summary, we are well positioned for the fourth quarter of this year and above all for the full year of 2023 when we will be able to seriously begin to reap the rewards of all the hard work that has been put in during the current year and I look forward to sharing continued progress with you.

A big thank you to all shareholders for all the interest and support you show the company. It means a lot to us who work and live with Prostatype Genomics every day!

Fredrik Persson

CEO, Prostatype Genomics AB

Solna 10 November

Financial information and comments

Comparison between July-September 2022 and July-September 2022

Net sales

Net sales for the Company amounted to 110 (0) TSEK. The company is in an initial launch phase in selected markets in EMEA.

Operating profit/loss

The operation profit/loss for the Company's third quarter 2022 amounted to -7 641 (- 3 636) TSEK which is a deterioration of the loss by approximately 110 % in comparison to prior period. The increase is related to the Company's expansion to the US-market. The company's costs consist mainly of product development, testing, strengthening of their resources.

Cash flow from current operations

The cash flow for the third quarter amounted to -10 627 (18 888) TSEK. The cash flow from current operations amounted to -8 526 (-3 831) TSEK. The cash flow for the period is in line with the Company's operating expenses. The large change in cash flow is related to the listing of the Company.

Cash flow from investment activities

The cash flow from investment activities amounted to 0 (-426) TSEK. The Company has continued investing in product development. From the start of 2022 all product development is carried as expense.

Cash flow from financing activities

The cash flow from financing activities amounted 19 153 (23 145) TSEK. Liquid funds as of 30 September 2022 amounted to 19 439 (26 546) TSEK.

Number of shares

On September 30, 2022, the number of shares was 22 859 497 (15 088 761). The nominal increase is assignable to set-off and issue of shares. Average amount of shares during the third quarter 2022 was 18 974 129.

Comparison between January 2022 - September 2022 and Jan 2021 – September 2021

Net sales

Net sales for the Company amounted to 378 (12) TSEK. The company is in an initial launch phase in selected markets in EMEA.

Operating profit/loss

The operation profit/loss for the period amounted -20 552 (-9 815) TSEK. The variance is partly due increased staff, partly due US-expansion.

Cash flow from current operations

The cash flow for the period amounted -891 (10 684) TSEK. The cash flow from current operations amounted to -19 844 (-10 697) TSEK. The cash flow for the period is in line with the Company's operating expenses. The large change in cash flow is assignable to set off and issue of shares.

Cash flow from investment activities

The cash flow from investment activities amounted to till 0 (-1 765) TSEK. The Company has continued investing in product development. From the start of 2022 all product development is carried as expense.

Cash flow from financing activities

The cash flow from financing activities amounted 18 952 (23 145) TSEK. Liquid funds as of 30 September 2022 amounted to 19 439 (20 329) TSEK.

Number of shares

On September 30, 2022, the number of shares was 22 859 497 (15 088 761). Average amount of shares for the period was 18 974 129. The change is assignable to set off and issue of shares.

Prostatype Genomics business and financial ratios

Amounts in SEK	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-06-30	2021-01-01 2021-09-30
Operating margin	neg	neg	neg	neg
Profit margin	neg	neg	neg	neg
Return on equity	neg	neg	neg	neg
Equity/debt ratio	87%	92%	87%	92%
Equity capital	34 310 075	41 659 090	34 310 075	41 659 090
Cash flow	10 627 093	18 888 266	-890 643	10 683 744
Number of shares (end of the period)	22 859 497	15 088 761	22 859 497	15 088 761
Number of shares (average for the period)	18 974 129	14 137 816	18 974 129	14 137 816
Number of shares - full dilution (end of the period)	23 019 368	19 133 952	23 019 368	19 133 952
Earnings per share	-0,35	-0,25	-0,92	-0,65
Diluted earnings per share (end of the period)	-0,26	-0,19	-0,68	-0,52
Number of employees (end of the period)	6	6	6	6
Dividend per share	-	-	-	-

Definition of key ratios

Operating margin	Operating profit/loss after depreciation / net sales
Profit margin	Net profit/loss for the year / net sales
Return on equity	Profit/loss before tax / adjusted equity
Equity/debt ratio	Adjusted equity / total assets
Earnings per share	Net profit/loss for the year / number of shares by period closing
Diluted earnings per share (end of the period)	Net profit/loss for the year / (number of shares + warrants by period closing)

Financial statement

Amounts in SEK	2022-07-01	2021-07-01	2022-01-01	2021-01-01
	2022-09-30	2021-09-30	2022-09-30	2021-09-30
Net sales	109 755	0	378 477	10 000
Own work capitalized		426 442		1 764 622
Other operating income	10	0	7	12 187
Total revenue	109 765	426 442	378 484	1 786 809
Operating expenses				
Research and development cost	-1 378 458	-405 535	-2 779 557	-877 230
Other external cost	-3 041 414	-1 897 831	-9 418 180	-5 650 137
Staff cost	-2 804 223	-1 731 898	-7 220 364	-4 990 064
Depreciation, amortization and impairment	-466 237	-22 121	-1 438 796	-66 361
Other operating expenses	-61 161	-4658	-73 100	-17 519
Operating profit/loss	-7 641 728	-3 635 600	-20 551 513	-9 814 502
Income after financial items				
Interest expenses and similar items			-	-
Interest expenses and similar items	-341 865	-19 980	-375 979	-62 006
Profit/loss after financial items	-7 983 593	-3 655 580	-20 927 491	-9 876 508
Profit or loss before tax	-7 983 593	-3 655 580	-20 927 491	-9 876 508
Total profit/loss for the period	-7 983 593	-3 655 580	-20 927 491	-9 876 508

Balance sheet

(SEK)	2022-09-30	2021-09-30	2021-12-31
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalized development expenditure	17 173 883	17 831 344	18 566 363
Patent		55 763	37 175
Total intangible assets	17 173 883	17 887 107	18 603 538
<i>Property, plant and equipment</i>			
Plant and machinery			
Equipment and tools	4 949	17 623	14 089
Total property, plant and equipment	4 949	17 623	14 089
<i>Financial assets</i>			
Other financial assets	68 136		
Total financial assets	68 136		
Total fixed assets	17 246 968	17 904 730	18 617 627
Current assets			
<i>Inventory</i>			
Finished products	185 840	180 675	107 520
Advances to suppliers	159 010	93 278	74 506
Total current assets	344 850	273 953	182 026
<i>Current receivables</i>			
Accounts receivable	505 891	146 573	146 573
Other receivables	1 513 170	285 763	502 980
Prepaid expenses and accrued income	358 109	324 223	424 429
Total current receivables	2 377 170	756 559	1 073 982
<i>Current investmts</i>			
Other current investments	4 177 581		10 500 000
Total current investments	4 177 581		10 500 000
<i>Cash and bank</i>			
	15 260 951	26 545 531	9 829 175
Total current assets	22 160 552	27 576 043	21 585 183
TOTAL ASSETS	39 407 520	45 480 773	40 202 810

Balance sheet

(SEK)	2022-09-30	2021-09-30	2021-12-31
EQUITY AND LIABILITIES			
<i>Total equity</i>			
<i>Restricted equity</i>			
Share capital	1 371 570	905 326	905 326
New share issue under registration	-	-	-
Development fund	17 173 883	17 831 344	18 566 363
Total restricted equity	18 545 453	18 736 670	19 471 689
<i>Non-restricted equity</i>			
Share premium reserve	149 318 381	130 452 900	130 452 900
Profit/loss brought forward	-112 626 268	-97 653 971	-98 388 990
Net profit/loss for the year	-20 927 491	-9 876 508	-15 629 758
Total non-restricted equity	15 764 622	22 922 420	16 434 152
Total equity	34 310 075	41 659 090	35 905 840
<i>Long-term liabilities</i>			
Convertible loan			
Other debt to credit institutions	566 667	1 066 667	866 667
Total long-term liabilities	566 667	1 066 667	866 667
<i>Current liabilities</i>			
Debt to credit institutions	400 000	300 000	400 000
Accounts payable	2 315 716	1 015 237	1 174 708
Tax liabilities	212 422	82 627	176 876
Other current liabilities	406 400	663 406	212 175
Accrued liabilities and deferred income	1 196 239	693 748	1 466 544
Total current assets	4 530 777	2 755 017	3 430 303
TOTAL EQUITY AND LIABILITIES	39 407 520	45 480 773	40 202 810

Cash flow statement

(SEK)	2022-07-01	2021-07-01	2022-01-01	2021-01-01
	2022-09-30	2021-09-30	2022-09-30	2021-09-30
Operating activities				
Profit after financial items	-7 983 593	-3 655 580	-20 927 491	-9 876 508
Adjustments for items not included in cash flow etc	466 237	22 121	1 438 796	66 361
Cash flow from operating activities before changes in working capital	-7 517 356	-3 633 459	-19 488 695	-9 810 147
Cash flow from changes in working capital				
Change in inventory	-196 104	50 731	-162 824	120 994
Change in operating receivables	-470 798	228 279	-1 303 188	442 902
Change in operating liabilities	-341 586	-476 083	1 111 126	-1 450 622
Cash flow from current operations	-8 525 844	-3 830 532	-19 843 581	-10 696 874
Investment activities				
Acquisition of intangibles		-426 442	0	-1 764 622
Acquisition of fixed assets	0	0	0	0
Cash flow from investment activities	0	-426 442	0	-1 764 622
Financing activities				
Net issue liquidity incl. bridge loan	19 252 938	23 245 239	19 252 938	23 245 239
Amortization	-100 000	-100 000	-300 000	-100 000
Cash flow from financing activities	19 152 938	23 145 239	18 952 938	23 145 239
Cash flow for the period	10 627 093	18 888 266	-890 643	10 683 744
Opening liquid funds	8 811 439	7 657 265	20 329 175	15 861 788
Closing liquid funds	19 438 532	26 545 531	19 438 532	26 545 531

Changes in equity

1 January 2022 – 30 September 2022

SEK	Share capital	Development fund	Share premium reserve	Accumulated profit/loss
Opening balance	905 325	18 566 363	130 452 900	-114 018 748
Transfer to development fund		-1 392 480		1 392 480
New share issue	466 244		22 104 639	
Expenses of the issue			-3 239 158	
Result for the period				-20 927 491
Closing balance	1 371 569	17 173 883	149 318 381	-133 553 759

1 January 2021 – 30 September 2021 (rev)*

SEK	Aktiekapital	Fond för utvecklingsutgifter	Överkursfond	Balanserat resultat
Vid periodens början	791 212	16 066 722	107 321 774	-95 889 349
Avsättning fond för utvecklingsutgifter		1 764 622		-1 764 622
Nyemission	114 113		24 610 470	
Emissionskostnader			-1 479 344	
Periodens resultat				-9 876 508
Vid periodens slut	905 326	17 831 344	130 452 900	-107 530 479

General information

Company information

Prostatype Genomics AB with organization number 556726-0285 is a limited company registered in Sweden, domiciled in Stockholm. The address is Gustaf III:s Boulevard, 169 73 Solna. The company is engaged in the research and developments of medical devices.

In this report, Prostatype Genomics AB is called either by its full name or as “the Company”, alternatively as Prostatype. All figures in the report are in thousands of Swedish kronor (TSEK) if not otherwise specified.

The Company is the result of more than ten years of research into the genomics of prostate cancer. The Company was founded in 2007 as a spin off from Cancer Center Karolinska (Karolinska Institutet, Stockholm). The result was the development of the today CE-marked and market ready product Prostatype® Test System. Prostatype® is a test for diagnosis and prognosis that has been developed to provide the complementary information that is often needed for the selection of the optimal treatment strategy for each patient. The test analyzes the gene expression in cancer cells from prostate tissue and gives, in combination with an advanced algorithm and data analysis, decision support for optimal treatment of individual patients once prostate cancer has been confirmed. Aided by AI (Artificial Intelligence) technology, the gene test of Prostatype Genomics makes it possible to make a better prognosis and to classify the patient’s illness into different risk types. In that way the Company can reduce the risk of over- or under treatment, which in many cases lead to great discomfort for the patient. Prostatype® is today the only gene test for prostate cancer that is available in kit format. The product is also very scalable in terms of volume due to the algorithm that forms the basis of the test.

Accounting principles

The year-end report has been prepared in accordance with BFNAR 2012:1 Årsredovisning och koncernredovisning (K3) issued by the Swedish Accounting Standards Boards (BFN). The accounting policy for the Company complies with applied accounting principles for the most recent published annual report.

Options programs

At an extraordinary general meeting in June 2020, it was decided on two option programs for management and staff and for board members, respectively. As of the date of this interim report, a total of 159,871 options were subscribed, of which 41,856 were for board members, which give the opportunity to subscribe for one share for each option, in August 2023, at a price of SEK 13.51.

In connection with the new issue in June 2022, warrants were issued under series TO 2 to a number of 7,755,895. Each warrant of series TO 2 entitles the holder to subscribe for one (1) new share in Prostatype Genomics during the period from March 9, 2023 to and with 30 March 2023. The redemption price will be the same price per share as the subscription price in the initial part of the rights issue, i.e. SEK 2.90. If warrants of series TO 2 are fully exercised, the warrants will bring the Company approximately SEK 22.5 million before issue costs. Complete terms and instructions for warrants of series TO 2 are available on the Company's website (www.prostatypegenomics.com).

Related party transactions

During the period from January 1 2022 to September 30 2022, except for what is detailed below, no related party transactions have taken place.

The Company has during the period procured services for in total 310 000 SEK from the company SecureAppbox AB, which is a supplier of web-based solutions for P-score. Håkan Englund, Member of the Board of Prostatype Genomics AB, is the Chairman of the Board of SecureAppbox. Håkan Englund has not taken part in the procurement process for these services.

Transactions with related parties have been performed on market terms.

Risk factors

For a description of the most significant market- and operational risk, please see the recent prospectus that is published on the Company’s web page www.prostatypegenomics.com under the heading Investor Relations.

Other information

Dates for publication of financial information

Interim report Q4 & Year End Report

2023-02-16

This interim report, as well as further information, is available at Prostatype Genomics' web page, www.prostatypegenomics.com

Certified Advisor

Svensk Kapitalmarknadsgranskning AB.

Review of interim report

This interim report has not been subject to review by the Company's auditors

Publication

This information is such information that Prostatype Genomics AB, from the time of listing, is obliged to publish in accordance with the EU market abuse regulation. The information is published by the below contact person, for publication on 10 November 8.00 AM. All information is given also in a Swedish version, and in case of any discrepancies, the Swedish version prevails. Fredrik Persson, VD, 073-049 77 01, fredrik.persson@prostatypegenomics.com This interim report gives an accurate overview of the Company's operations, financial status and results.

Solna November 10

Anders Lundberg
Chairman of the Board

Håkan Englund
Director

Karlheinz Schmelig
Director

Michael Häggman
Director

Fredrik Persson
Chief Executive Officer

Mattias Prage
Director



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