

Devyser Diagnostics AB (publ) Year-end report, January to December 2022

Continued strong organic growth

Quarter from October to December 2022

- Net sales amounted to SEK 34.2 million (24.5), corresponding to a 39.5% increase. Adjusted for exchange rate fluctuations, net sales increased by 29.8%.
- Gross profit totaled SEK 27.2 million (18.5), corresponding to a gross margin of 79.5% (75.3).
- The operating loss (EBIT) amounted to SEK -25.9 million (-13.9).
- The loss after tax totaled SEK -16.7 million (-10.6).
- Earnings per share before and after dilution amounted to SEK -1.04 (-0.87).
- Cash flow from operating activities stood at SEK -13.4 million (-5.9).

Important events during the quarter

CLIA lab to be set up in the US

Devyser will set up a CLIA laboratory in Atlanta, Georgia, USA. The CLIA lab will allow customers to send their samples to Devyser, which will then perform the diagnostic tests and provide customers with the test results. These services should be available from the second quarter of 2023.

Strengthening of operations in North America

In November, John Murad took over as Vice President and General Manager of the US subsidiary Devyser Inc. John Murad has more than 20 years' experience from leading positions in the pharmaceutical and diagnostics industry.

The period from January to December 2022

- Net sales amounted to SEK 126.6 million (93.5), corresponding to a 35.4% increase. Adjusted for exchange rate fluctuations, net sales increased by 29.0%.
- Gross profit totaled SEK 103.4 million (71.9), corresponding to a gross margin of 81.7% (76.9).
- The operating loss (EBIT) amounted to SEK -52.0 million (-21.2).
- The loss after tax totaled SEK -46.0 million (-20.7).
- Earnings per share before and after dilution amounted to SEK -2.89 (-1.85).
- Cash flow from operating activities stood at SEK -40.5 million (-16.5).
- The Board proposes no dividend for 2022.

Market maker

Carnegie Investment Bank was retained as the company's market maker on November 1, 2022.

Important events after the end of the quarter

Provision due to retroactive payback levy

As a result of the newly introduced payback levy in Italy, a SEK 6.4 million provision has been made in the year-end close for costs in Italy for 2015 to 2018, and for estimated costs for 2019 to 2022. See Note 7 on page 16.

Performance measures	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Net sales, SEK million	34.2	24.5	126.6	93.5
Sales growth, %	39.5	38.1	35.4	42.3
Gross margin, %	79.5	75.3	81.7	76.9
EBITDA, SEK million	-23.4	-12.3	-43.4	-15.2
EBITDA margin, %	Neg	Neg	Neg	Neg
Operating profit/loss (EBIT), SEK million	-25.9	-13.9	-52.0	-21.2
Operating margin (EBIT margin), %	Neg	Neg	Neg	Neg
Profit/loss after tax, SEK million	-16.7	-10.6	-46.0	-20.7
Cash flow from operating activities, SEK million	-13.4	-5.9	-40.5	-16.5
Available liquidity, SEK million	363.6	383.6	363.6	383.6
Net cash (-)/Net debt (+), SEK million	-342.4	-364.7	-342.4	-364.7
Equity ratio, %	86.2	91.2	86.2	91.2
Return on equity, %	Neg	Neg	Neg	Neg
Average no. of employees	87	55	76	47

See page 17 for definitions of the performance measures.

Important events during the period from January to December 2022

Certification under the new European IVD Regulation

In August, Devyser was certified under the new, more comprehensive IVD Regulation, which came into force on May 26, 2022. The regulation ensures the highest level of clinical safety for the manufacture of medical devices. The certification covers Devyser's quality management system and fetal diagnostics product.

Breakthrough contract in Canada for non-invasive RHD testing

In June, Devyser won a contract with Héma-Québec, in Québec, Canada, for the non-invasive RHD testing of fetuses. The contract will initially run for three years, starting in 2023, and may potentially be extended for a further two years. The order value amounts to just over SEK 16 million.

CLIA lab to be set up in the US

Devyser will set up a CLIA laboratory in Atlanta, Georgia, USA. The CLIA lab will allow customers to send their samples to Devyser, which will then perform the diagnostic tests and provide customers with the test results. These services should be available from the second quarter of 2023.

The Board and management

At the Annual General Meeting in May, Mia Arnhult, Lars Höckenström, Fredrik Dahl and Pia Gideon were re-elected as Board members. Fredrik Mattsson was elected as a new Board member. Mia Arnhult was re-elected as Chair of the Board.

In June, Theis Kipling was hired as Chief Commercial Officer with global responsibility for sales, marketing, product management and tech support. Theis Kipling has a comprehensive commercial background in the global life sciences sector, and experience working specifically for diagnostics companies.

In September, Camilla Wiberg took up the position of CHRO (Chief Human Resources Officer).

Following Camilla Wiberg's appointment, Devyser's senior management consists of CEO Fredrik Alpsten, CFO Sabina Berlin, CCO Theis Kipling, COO Göran Rydin, CHRO Camilla Wiberg and Deputy CEO Ulf Klangby.

In November, John Murad took over as Vice President and General Manager of the subsidiary Devyser Inc. John will be responsible for all of Devyser's North American operations. John Murad has more than 20 years' experience in the pharmaceutical and diagnostics industry, and in marketing, sales and management, after holding similar growth-focused roles.

The share and new issues

At the start of 2022, the over-allotment option was exercised following the issue completed in December 2021. A total of 610,886 additional shares were issued, bringing in SEK 48.9 million for the company before new share issue expenses.

In early February, all the outstanding shares in the associate SmartSeq S.r.l. were purchased. The acquisition covers 70 percent of SmartSeq's shares, for a consideration of EUR 835,000, of which 23 percent paid in cash and 77 percent in newly issued Devyser shares. The acquisition strengthens Devyser's diagnostic analysis customer offering and has a positive impact on Devyser's gross profit and gross margin. A total of 81,083 new shares were issued in payment, corresponding to a 0.5 percent dilution. See Note 6 on page 17.

During the period from January to December, 242,400 shares were issued in connection with the exercising of warrants. The new issues brought the company SEK 6.0 million. Following the issues, the number of Devyser shares totaled 16,122,469.

It was decided during the period to introduce an employee stock option plan.

Carnegie Investment Bank has been Devyser's market maker since November 2022. In its role as market maker, Carnegie undertakes to continuously quote prices for Devyser's shares in accordance with the minimum requirements for market makers as determined by Nasdaq Stockholm. The aim is to improve the share's liquidity and reduce the bid-ask spread in normal trading.

Important events after the end of the quarter

Provision due to retroactive payback levy

As a result of the newly introduced payback levy in Italy, a SEK 6.4 million provision has been made in the year-end close for costs in Italy for 2015 to 2018, and for estimated costs for 2019 to 2022. See Note 7 on page 16.

A word from the CEO

Further strong organic growth was reported for the year and quarter. Efforts to build an international marketing and sales organization are starting to pay off.

Sales for the full year 2022 amounted to SEK 127 million, equal to organic growth of 35 percent. The gross margin was a high 82 percent. Sales growth came from all our focus areas, namely hereditary diseases, oncology and transplant monitoring. The transplant business area, currently consisting of a product for monitoring in connection with stem cell transplantation, is continuing to grow well. Other high-growth products include thalassemia, cystic fibrosis, hereditary breast cancer and RHD (mother and fetus blood group compatibility) tests.

Our strengthened presence in North America is continuing to deliver good sales growth. Our continued strengthening of our commercial presence in Europe has also resulted in strong growth in countries such as the UK, Belgium, the Netherlands, Denmark, Sweden, Spain and France. Sales in Italy, where we have been operating for many years, are growing well too. The transition from distributor to direct sales has gone according to plan, but I believe that we are still only at the start of an incredible journey.

An important milestone reached in Europe during the year was our certification under the new, more comprehensive, IVD Regulation, which came into force in the spring. This is something we believe will have a major impact on future sales as many of our competitors are not yet certified.

Gearing up for growth

Devyser has built and enhanced its own sales organization in Europe and the US and the organization of its key administrative functions, making it well prepared to handle significantly higher production volumes. We have also invested in our quality management system, in connection with the process of approval under the IVD Regulation, which has led to higher costs in the QA/Regulatory Affairs area. The work on getting our other product range certified under the IVD Regulation will be continued in 2023 and 2024.

A positive impact on the world around us

During the last quarter, more than 85,000 patients were tested with Devyser products in order to detect regrowth of diseased bone marrow, diagnose disease or chose the correct treatment. Ensuring an early and accurate diagnosis reduces suffering for patients and their families while lowering the cost of care. Our products also simplify lab processes and provide rapid test results, which is incredibly important for diagnosis. We take great pride in having a positive impact on the world around us, and this is one of our drivers for our growth and the development of new products.

Investments building for the future

Sales for the quarter amounted to SEK 34 million, equal to 40 percent organic growth compared with the same quarter of last year.

The gross margin for the quarter remains high at 80 percent, compared with 75 percent for the same prior-year quarter. This is despite a production ramp-up to allow higher volumes in the future. The higher gross margins are being driven by higher prices, increased volumes, and an ever greater share of direct sales.

We have an aggressive investment plan aimed at continuing to grow our market share and concentrate our resources on areas where we see a good potential return on investment. During the quarter, this has included investments in the sales and support organization and the decision to set up a CLIA laboratory in the US. Operating profit for the quarter amounted to SEK -26 million and includes a provision of

SEK 6 million for the refund claim, and estimated refund claim, imposed by the Italian Ministry of Health on companies that marketed medical devices in Italy during the years 2015 to 2022. Although there may be opportunities to appeal the decision, we have chosen to book a provision for the relevant amount.

“Organic growth of 35 percent compared with the previous year”

The APAC region: an increasingly important market

Our focus is on the important North American market and the countries in Europe where we have our own sales organization. However, this does not mean that we are inactive in other markets. At the end of 2022, we signed a distributor agreement for Japan, for instance. This is the first time we have ventured into the Japanese market, which is one of the largest markets in Asia. We expect to see first sales later this year.

An excellent outlook

Our goal is to build a highly profitable company. I am confident that we will achieve our important financial target of generating an operating margin of more than 20% starting sometime in 2024/2026.

Although 2022 has been a turbulent year for many, the impact on Devyser has been limited. We had no operations or sales in Ukraine or Russia prior to the invasion, and have no interest-bearing liabilities that are affected by the higher interest rates. The weak Swedish krona has in fact had something of a positive currency effect, as a large proportion of our sales are made in EUR and USD, but the bulk of our costs are in Swedish kronor.

We operate in an industry with strong structural headwinds and constantly growing demand. Our products are well placed to take advantage of this, and we are building a company that has the vision and expertise to keep growing our share of this market. At the same time, we are continuing to have a positive impact on the lives of ever more patients and reduce healthcare costs.

Given our ongoing focus on direct sales and strong presence in key markets, I am looking forward to the future with confidence and believe that 2023 will be another successful year for Devyser.

Stockholm, February 21, 2023

Fredrik Alpsten, CEO



Group development, January to December 2022

Net sales

Net sales for the period from January to December 2022 amounted to SEK 126.6 million (93.5), corresponding to an increase of 35.4 percent. Adjusted for exchange rate fluctuations, net sales increased by 29.0 percent. The increase was driven by higher direct sales and distributor sales.

Net sales for the fourth quarter 2022 amounted to SEK 34.2 million (24.5), corresponding to an increase of 39.5 percent. Adjusted for exchange rate fluctuations, net sales increased by 29.8 percent.

There are no major seasonal variations in the company's sales.

Gross profit

Gross profit for the period from January to December 2022 totaled SEK 103.4 million (71.9). Gross profit for the fourth quarter totaled SEK 27.2 million (18.5).

The gross margin for the period from January to December 2022 amounted to 81.7 percent, compared with 76.9 percent for the same period of the previous year. For the fourth quarter, the gross margin amounted to 79.5 percent, compared with 75.3 percent for the same prior-year quarter. The increase was mainly attributable to higher net sales as a proportion of fixed costs.

The cost of goods sold includes the direct production overheads for products sold, the amortization of capitalized development expenses, the overhead expenses for the production department, and personnel expenses for the department's employees.

The amortization of capitalized development expenses amounted to SEK 3.0 million (2.8) for the period from January to December 2022, and SEK 0.8 million (0.7) during the fourth quarter 2022.

Operating expenses

Operating expenses for the period from January to December 2022 amounted to SEK 158.4 million (93.3), and for the fourth quarter to SEK 52.3 million (32.3). The increased costs are primarily due to new recruitments in sales, development and administration as part of the company's growth strategy. Selling expenses include the SEK 6.4 million provision for the payback levy. See Note 7 on page 16.

Total research and development costs during the period from January to December 2022 amounted to SEK 40.4 million (24.6), of which SEK 14.2 million (6.5) was capitalized and SEK 26.3 million (18.1) was expensed. During the fourth quarter, costs amounted to SEK 14.3 million (6.4), of which SEK 7.3 million (2.2) was capitalized and SEK 7.0 million (4.2) was expensed. The expensed research and development costs mainly comprise employee and consultant-related costs attributable to the R&D department's non-capitalizable project phases. The capitalized expenses include costs for development projects related to products not yet completed.

During the period from January to December 2022, other operating income and expenses came to a net amount of SEK 3.0 million (0.2), and SEK -0.8 million (-1.2) for the fourth quarter. Other operating income in 2022 includes SEK 1.6 million (0.0) related to the revaluation of the acquisition of control of SmartSeq S.r.l. See Note 6 on page 16.

Operating profit/loss

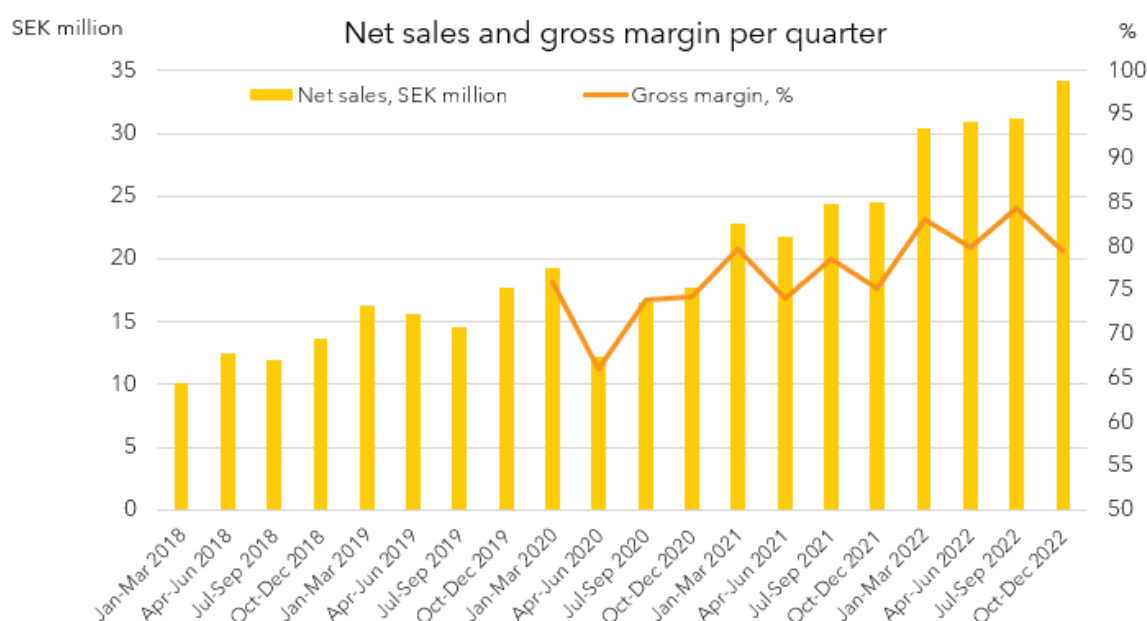
The operating loss for the period from January to December 2022 totaled SEK -52.0 million (-21.2). For the fourth quarter, the operating loss stood at SEK -25.9 million (-13.9). The main reasons for the increase in the operating loss were increased sales expenses in the form of new hires, increased administrative expenses, and the payback levy in Italy, although these were partly offset by the improvement in gross profit.

Net financial items

Net financial items for the period from January to December 2022 totaled SEK -0.8 million (-0.7). For the fourth quarter, net financial items stood at SEK -0.3 million (-0.1).

Profit/loss

The loss before tax for the period from January to December 2022 was SEK -52.7 million (-21.9), and the loss after tax was SEK -46.0 million (-20.7). For the fourth quarter, the loss before tax was SEK -25.7 million (-13.8), and the loss after tax was SEK -16.7 million (-10.6). See Note 8 on page 16.



Sales by region, SEK million	Oct - Dec 2022	Oct - Dec 2021	Change, %	Jan - Dec 2022	Jan - Dec 2021	Change, %
EMEA	32.3	22.9	41.0	119.2	86.7	37.4
Asia-Pacific	0.8	1.3	-36.3	4.2	5.6	-24.2
North and South America	1.1	0.3	213.9	3.2	1.2	176.1
Total	34.2	24.5	39.5	126.6	93.5	35.4

Sales by sales channel, SEK million	Oct - Dec 2022	Oct - Dec 2021	Change, %	Jan - Dec 2022	Jan - Dec 2021	Change, %
Direct sales	28.5	16.6	72.1	97.3	66.8	45.6
Distributor sales	5.7	7.9	-28.6	29.3	26.7	9.9
Total	34.2	24.5	39.5	126.6	93.5	35.4

Cash flow and cash position

For the period from January to December 2022, the cash flow from operating activities after changes in working capital was SEK -40.5 million (-16.5). For the fourth quarter 2022, the cash flow from operating activities amounted to SEK -13.4 million (-5.9). During the first quarter, an over-allotment option was exercised covering 610,886 shares, which raised SEK 48.9 million for the company. During the second, third and fourth quarters, new issues of 242,400 shares were completed in connection with the exercising of warrants, which brought in SEK 6.0 million for the company. The available cash at December 31, 2022 amounted to SEK 363.6 million (383.6).

Investments

Total net investments stood at SEK 23.9 million (10.3), including capitalized development expenses of SEK 14.2 million (6.6) and rights and licenses of SEK 3.1 million (0.0), mostly related to the acquisition of the former associate SmartSeq S.r.l. (see Note 6 on page 16). The Group has no investment commitments.

Assets

As of December 31, 2022, intangible assets amounted to SEK 39.7 million (18.3). The intangible non-current assets consist of the capitalized development expenses, license fees and goodwill acquired from the subsidiary SmartSeq S.r.l., totaling SEK 6.5 million (0.0), and the subsidiary Trendx AB, totaling SEK 0.2 million (0.2). Capitalized

development expenses are amortized on a straight-line basis over their estimated useful life, which varies from five to seven years.

The amortization of capitalized development expenses attributable to the products developed by Devyser is recognized in the Group cost of goods sold and in the Parent Company's research and development costs.

Equity and liabilities

As of December 31, 2022, the Group's equity amounted to SEK 431.4 million (416.7), and the equity ratio was 86.2 percent (91.2).

As of December 31, 2022, interest-bearing liabilities amounted to SEK 21.2 million (13.0). Interest-bearing liabilities relate mainly to lease liabilities. Current non-interest-bearing liabilities totaled SEK 37.2 million (24.5).

Important events in the Parent Company

The reduction in the Parent Company's profits is mainly due to the Group contribution to the subsidiary Devyser AB of SEK 70.8 million (19.5). In early February, all the outstanding shares in the associate SmartSeq S.r.l. were purchased. During the first quarter, an over-allotment option was exercised covering 610,886 shares, which raised SEK 48.9 million for the company. During the second, third and fourth quarters, new issues of 242,400 shares were completed in connection with the exercising of warrants, which brought in SEK 6.0 million for the company.

Performance measures by quarter	Oct - Dec 2022	Jul - Sep 2022	Apr - Jun 2022	Jan - Mar 2022	Oct - Dec 2021	Jul - Sep 2021	Apr - Jun 2021
Net sales, SEK million	34.2	31.2	30.9	30.4	24.5	24.3	21.8
Gross profit, SEK million	27.2	26.3	24.7	25.2	18.5	19.1	16.2
Gross margin, %	79.5	84.4	79.9	83.0	75.3	78.5	74.0
EBITDA, SEK million	-23.4	-5.8	-10.5	-3.7	-12.3	-1.0	-4.1
EBITDA margin, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Operating profit/loss (EBIT), SEK million	-25.9	-8.2	-12.6	-5.2	-13.9	-2.5	-5.5
Operating margin (EBIT margin), %	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Profit/loss after tax, SEK million	-16.7	-8.8	-14.3	-6.1	-10.6	-3.6	-6.2
Cash flow from operating activities, SEK million	-13.4	-11.8	-7.9	-7.4	-5.9	-3.2	-12.4
Average no. of employees	87	78	72	64	55	50	44

See page 17 for definitions of the performance measures.

Parent Company

Devyser Diagnostics AB (publ), Corporate Registration Number 556669-7834, is a Swedish limited company domiciled in Stockholm. The address of its head office is Instrumentvägen 19, 126 53 Hägersten, Sweden.

Receivables and liabilities relating to Group companies mainly consist of the liabilities in respect of the Swedish subsidiary Devyser AB. The Parent Company's risks and uncertainties indirectly coincide with those of the Group.

Employees

From January to December 2022, the average number of Group employees was 76 (47), including 2 (1) Parent Company employees. The average number broken down by country was 58 (39) in Sweden, 10 (5) in Italy, 3 (2) in Germany, 2 (1) in the United States, 1 (0) in the United Kingdom, 1 (0) in Belgium and 1 (0) in Spain. The average number of women employed by the Group was 46 (30) and the average number of men was 30 (17). At the balance sheet date, the number of employees was 92 (61).

Market

Devyser sells genetic testing products to laboratories in more than 50 countries. The products include reagent kits and the related software. Sales are made primarily to routine diagnostic laboratories, partly through our own sales teams in selected markets and partly through distributors.

The products are used for advanced DNA testing in the hereditary disease, oncology and post-transplant monitoring fields to enable targeted cancer treatment, the diagnosis of a large number of genetic diseases, and transplant patient follow-up.

The market size for the company's products is large and, according to an external market survey conducted in 2021, should reach EUR 5.6 billion by 2026.

Related-party transactions

See Notes 2 and 3 on page 15 for a description of the related-party transactions.

Significant risks and uncertainties

The Group's activities are associated with a number of risks and uncertainties.

Russia's invasion of Ukraine has no direct impact on Devyser as the company does not do any business with Russia and its sales to Ukraine are very limited.

The current market turmoil and inflation, and changes in interest rates, may have an impact on the industry, and on Devyser's operating expenses and sales growth. A possible recession could negatively affect future revenues.

For more information, a detailed description of the company's risk exposure can be found in the 2021 Annual Report, pages 49-50, and in Note 3, pages 76-77. No changes are considered to have occurred since the Annual Report was published other than those described above.

The Board of Directors and the CEO certify that the year-end report provides a true and fair overview of the operations, financial position and earnings of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, February 21, 2023 Devyser Diagnostics AB (publ)

Mia Arnhult, Chair of the Board

Lars Höckenström, Board member

Fredrik Dahl, Board member

Fredrik Mattsson, Board member

Fredrik Alpsten, Chief Executive Officer

Pia Gideon, Board member

The share and shareholders

As of December 31, 2022, Devyser Diagnostics AB had a total of 16,122,469 (15,188,100) shares and voting rights. During the period from January to December 2022, five new share issues were completed.

On the submission date of this report, the company had four outstanding incentive programs for employees and key personnel.

The new and existing incentive programs may currently increase the number of shares by 788,950 (see Note 2 on page 15).

The largest shareholders as of December 31, 2022 were:

Owner	Number of shares	Ownership, %
Rutger Arnhult via company	3,912,916	24.3
Swedbank Robur	1,378,200	8.5
Fourth Swedish National Pension Fund	1,361,300	8.4
Ferd	1,000,000	6.2
Berenberg Asset Management on behalf of Universal Investment funds	1,000,000	6.2
Anders Hedrum, privately and via company	796,020	4.9
Ulf Klangby, privately and via company	721,450	4.5
Dan Hauzenberger, privately and via company	547,680	3.4
Deka	420,200	2.6
Other shareholders, around 600	4,984,703	30.9
Total	16,122,469	100.0

Analysts covering the company

Ulrik Trattner, Carnegie
Klas Palin, Erik Penser Bank
Oscar Bergman, Redeye
Johan Unnéus, Redeye
Erik Pilbackes, Aktiespararna

Auditors' review

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

Consolidated statement of income and other comprehensive income

SEK million	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Net sales	34.2	24.5	126.6	93.5
Cost of goods sold	-7.0	-6.1	-23.2	-21.6
Gross profit	27.2	18.5	103.4	71.9
Other operating income ¹	1.4	1.2	8.0	3.4
Selling expenses ²	-33.3	-15.0	-94.2	-46.9
Administrative expenses	-12.0	-13.4	-37.9	-28.8
Research and development costs	-7.0	-4.2	-26.3	-18.1
Income from investments in associates	-	0.3	-0.0	0.4
Other operating expenses	-2.3	-1.3	-5.0	-3.2
Operating profit/loss	-25.9	-13.9	-52.0	-21.2
Financial income	0.3	0.2	0.4	0.3
Financial expenses	-0.1	-0.1	-1.2	-0.9
Net financial items	0.2	0.1	-0.8	-0.7
Profit/loss before tax	-25.7	-13.8	-52.7	-21.9
Tax ³	9.0	3.1	6.8	1.2
Profit/loss for the period	-16.7	-10.6	-46.0	-20.7
Other comprehensive income				
<i>Items which may be recognized in the income statement</i>				
Exchange rate differences for the period when translating foreign subsidiaries	1.1	-0.1	1.3	0.0
Total other comprehensive income	1.1	-0.1	1.3	0.0
Total comprehensive income for the period	-15.6	-10.7	-44.7	-20.7
Earnings per share before dilution, SEK	-1.04	-0.87	-2.89	-1.85
Earnings per share after dilution, SEK	-1.04	-0.87	-2.89	-1.85
Average no. of shares, before dilution	16,017,727	12,178,686	15,922,126	11,230,081
Average no. of shares, after dilution	16,806,677	12,894,086	16,711,076	11,945,481

Since there are no minority interests in the Group, all earnings are wholly attributable to the owners of the Parent Company.

1) See Note 6 on page 16.

2) See Note 7 on page 16.

3) See Note 8 on page 16.

Consolidated statement of financial position

SEK million	Dec 31, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Goodwill ¹	6.8	0.2
Capitalized development expenses	30.3	17.9
Other intangible assets ¹	2.6	0.1
Tangible assets	9.4	3.3
Right-of-use assets	21.1	13.4
Deferred tax assets ³	18.3	7.2
Investments in companies where the equity method is used ¹	-	2.1
Other non-current receivables	0.1	-
Total non-current assets	88.5	44.2
Current assets		
Inventories	10.1	6.7
Trade receivables	27.5	18.6
Current tax assets	0.9	0.5
Other receivables	4.8	7.0
Prepaid expenses and accrued income	5.1	2.1
Cash and cash equivalents	363.6	377.6
Total current assets	412.1	412.7
TOTAL ASSETS	500.6	456.9
EQUITY AND LIABILITIES		
EQUITY		
Share capital	0.9	0.9
Other paid-in capital	507.6	449.3
Translation reserve	0.8	-0.4
Retained earnings, including profit/loss for the period	-77.9	-33.0
Total equity	431.4	416.7
LIABILITIES		
Non-current liabilities		
Borrowings	0.6	-
Lease liabilities	15.1	10.0
Deferred tax liabilities ¹	0.3	-
Provisions	0.8	0.4
Other non-current liabilities	1.2	0.4
Total non-current liabilities	18.0	10.8
Current liabilities		
Borrowing from credit institutions	0.1	-
Lease liabilities	5.4	3.0
Trade payables	9.6	9.7
Current tax liabilities	3.1	0.7
Other liabilities ²	12.5	3.2
Accrued expenses and deferred income	20.6	12.9
Total current liabilities	51.2	29.4
TOTAL LIABILITIES AND EQUITY	500.6	456.9

1) See Note 6 on page 16. 2) See Note 7 on page 16. 3) See Note 8 on page 16.

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Translation reserve	Retained earnings, including profit/loss for the period	Total equity
Opening equity, Jan 1, 2021	0.5	43.1	-0.5	-12.4	30.8
<i>Comprehensive income</i>					
Profit/loss for the period	-	-	-	-20.7	-20.7
Other comprehensive income for the period	-	-	0.0	-	0.0
Total comprehensive income	-	-	0.0	-20.7	-20.7
<i>Shareholder transactions</i>					
New share issues	0.4	432.9	-	0.0	433.3
New share issue expenses	-	-28.2	-	-	-28.2
Employee stock options	-	-	-	0.1	0.1
Warrants	-	1.4	-	-	1.4
Closing equity, Dec 31, 2021	0.9	449.3	-0.4	-33.0	416.7
Opening equity, Jan 1, 2022	0.9	449.3	-0.4	-33.0	416.7
<i>Comprehensive income</i>					
Profit/loss for the period	-	-	-	-46.0	-46.0
Other comprehensive income for the period	-	-	1.3	-	1.3
Total comprehensive income	-	-	1.3	-46.0	-44.7
<i>Shareholder transactions</i>					
New share issues ¹	0.1	61.7	-	0.1	61.9
New share issue expenses	-	-3.0	-	-	-3.0
Warrants	-	-0.4	-	-	-0.4
Employee stock options	-	-	-	0.9	0.9
Closing equity, Dec 31, 2022	0.9	507.6	0.8	-77.9	431.4

1) See Note 6 on page 16.

Consolidated cash flow statement

SEK million	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Cash flow from operating activities				
Operating profit/loss ²	-25.9	-13.9	-52.0	-21.2
Adjustment for non-cash items				
- Depreciation, amortization and impairment	2.5	1.6	8.5	6.0
- Other non-cash items	0.6	0.5	0.9	0.7
Interest received	0.3	0.2	0.3	0.2
Interest paid	-0.1	-0.1	-1.2	-0.9
Income tax paid	-1.3	-0.8	-1.6	-2.8
Cash flow from operating activities before changes in working capital	-23.9	-12.5	-44.9	-18.0
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-1.1	-2.1	-3.4	-1.3
Increase (-)/Decrease (+) in operating receivables	3.5	6.1	-8.4	-2.3
Increase (+)/Decrease (-) in operating payables	8.2	2.7	16.2	5.0
Cash flow from operating activities	-13.4	-5.9	-40.5	-16.5
Cash flow from investing activities				
Investments in intangible non-current assets	-7.5	-2.3	-17.9	-6.6
Investments in tangible assets	-1.3	-1.2	-7.9	-2.2
Investments in subsidiaries ¹	-	-	1.9	-
Investments in associates	-	-0.0	-	-1.5
Cash flow from investing activities	-8.7	-3.5	-23.9	-10.3
Cash flow from financing activities				
New share issues ¹	4.3	300.0	55.3	433.3
New share issue expenses	-	-19.8	-3.0	-28.2
Warrant programs	-0.0	1.6	-0.0	1.6
Change in overdraft facilities	-	-	-	-2.0
Proceeds from borrowings	-0.1	-	0.7	-
Repayments of borrowings	-	0.2	-	-6.0
Repayments of lease liabilities	-1.0	-0.7	-4.0	-2.7
Cash flow from financing activities	3.2	281.3	48.9	395.9
Cash flow for the period	-18.9	271.9	-15.4	369.1
Cash and cash equivalents at the beginning of the period	382.2	105.6	377.6	8.3
Exchange gains/losses on cash and cash equivalents	0.3	0.1	1.4	0.2
Cash and cash equivalents at the end of the period	363.6	377.6	363.6	377.6

1) The consideration transferred on the acquisition of SmartSeq S.r.l. consisted of SEK 2.0 million in cash and SEK 6.5 million through a new share issue. At the time of the acquisition, Devyser received SEK 4.0 million in cash and cash equivalents from the former associate. See Note 6 on page 16.

2) Operating profit/loss includes the provision made for the EUR 600 thousand retroactive payback levy due to the Italian Ministry of Health. See Note 7 on page 16.

Parent Company income statement

SEK million	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Net sales	6.4	4.6	23.9	16.5
Cost of goods sold	-0.8	-0.4	-0.8	-0.4
Gross profit	5.6	4.3	23.2	16.1
Other operating income	0.0	-0.0	0.0	0.0
Administrative expenses	1.7	-9.7	-10.6	-16.9
Research and development costs	-0.5	-0.7	-2.1	-2.7
Other operating expenses	-	-	-	-0.0
Operating profit/loss	6.8	-6.1	10.4	-3.6
Impairment of investments in subsidiaries	-	16.0	-	-
Interest expenses and similar items	0.4	0.2	-0.3	0.0
Profit from financial items	0.4	16.2	-0.3	0.0
Profit after financial items	7.2	10.1	10.2	-3.6
Appropriations	-70.8	-19.5	-70.8	-19.5
Profit/loss before tax	-63.6	-9.4	-60.6	-23.1
Tax ³	10.7	2.4	11.0	2.6
Profit/loss for the period	-52.9	-7.0	-49.6	-20.4

As there are no items of other comprehensive income, the Parent Company's earnings are the same as the comprehensive income.

3) See Note 8 on page 16.

Parent Company balance sheet

SEK million	Dec 31, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Intangible assets		
Capitalized development expenses	30.0	17.9
Total intangible assets	30.0	17.9
Financial non-current assets		
Investments in Group companies ¹	58.8	47.7
Investments in companies where the equity method is used ¹	-	1.7
Amounts owed by Group companies	-	1.5
Deferred tax assets ³	18.1	7.1
Total financial non-current assets	76.9	58.0
Total non-current assets	106.9	75.9
Current assets		
Trade receivables	0.0	-
Current tax assets	0.5	0.5
Other receivables	0.0	1.1
Prepaid expenses and accrued income	0.8	0.5
Cash and cash equivalents	324.1	361.8
Total current assets	325.5	363.9
TOTAL ASSETS	432.4	439.8
EQUITY AND LIABILITIES		
Equity		
Share capital	0.9	0.9
Statutory reserve	3.7	3.7
Reserve for development expenses	30.0	17.9
Total restricted equity	34.6	22.5
Share premium reserve	501.8	443.1
Retained earnings	-69.2	-37.2
Profit/loss for the period	-49.6	-20.4
Total non-restricted equity	383.0	385.4
Total equity	417.7	408.0
Liabilities		
Non-current liabilities		
Provisions	0.8	0.4
Total non-current liabilities	0.8	0.4
Current liabilities		
Trade payables	0.7	2.3
Amounts owed to Group companies	9.2	25.8
Current tax liabilities	0.3	0.1
Other liabilities	1.4	0.5
Accrued expenses and deferred income	2.3	2.8
Total current liabilities	13.9	31.5
TOTAL EQUITY AND LIABILITIES	432.4	439.8

1) See Note 6 on page 16. 3) See Note 8 on page 16.

Changes in the Parent Company's equity

SEK million	Share capital	Non-registered share capital	Reserve for development expenses	Reserves	Share premium reserve	Retained earnings	Profit/loss for the period	Total equity
Opening equity, Jan 1, 2021	0.5	0.0	14.2	3.7	38.3	-20.8	-14.2	21.8
Profit/loss for the period	-	-	-	-	-	-	-20.4	-20.4
Appropriation of earnings	-	-	-	-	-	-14.2	14.2	-
Capitalization of development expenses	-	-	3.7	-	-	-3.7	-	-
New share issues	0.4	-0.0	-	-	432.9	-0.2	-	433.1
New share issue expenses	-	-	-	-	-28.2	-	-	-28.2
Employee stock options	-	-	-	-	-	0.1	-	0.1
Warrants	-	-	-	-	-	1.6	-	1.6
Closing equity, Dec 31, 2021	0.9	-	17.9	3.7	443.1	-37.2	-20.4	408.0
Opening equity, Jan 1, 2022	0.9	-	17.9	3.7	443.1	-37.2	-20.4	408.0
Profit/loss for the period	-	-	-	-	-	-	-49.6	-49.6
Appropriation of earnings	-	-	-	-	-	-20.4	20.4	-
Capitalization of development expenses	-	-	12.1	-	-	-12.1	-	-
New share issues ¹	0.1	-	-	-	61.7	-0.4	-	61.4
New share issue expenses	-	-	-	-	-3.0	-	-	-3.0
Employee stock options	-	-	-	-	-	0.9	-	0.9
Closing equity, Dec 31, 2022	0.9	-	30.0	3.7	501.8	-69.2	-49.6	417.7

1) See Note 6 on page 16.

Parent Company cash flow

SEK million	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Cash flow from operating activities				
Operating profit/loss	6.8	-6.1	10.4	-3.6
Adjustments for non-cash items				
- Depreciation, amortization and impairment	0.5	0.7	2.1	2.7
- Other non-cash items	0.2	0.4	-0.0	0.7
Interest received	0.3	-	0.3	-
Interest paid	0.1	-0.0	-0.7	-0.2
Tax paid	-	-0.0	-	-0.5
Cash flow from operating activities before changes in working capital	7.9	-5.0	12.2	-0.9
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables	13.1	6.2	0.7	6.6
Increase (+)/Decrease (-) in operating payables	18.2	6.4	18.2	8.6
Cash flow from operating activities	2.9	-5.2	-5.3	-2.9
Cash flow from investing activities				
Acquisitions of subsidiaries, net of cash acquired ¹	-	-	-2.0	-
Investments in intangible non-current assets	-7.3	-2.2	-14.2	-6.5
Increase/decrease in financial non-current assets	-33.7	-5.4	-68.5	-32.1
Investments in associates	-	-	-	-1.5
Cash flow from investing activities	-40.9	-7.5	-84.7	-40.1
Cash flow from financing activities				
New share issues ¹	4.3	300.0	55.3	433.3
New share issue expenses	-	-19.8	-3.0	-28.2
Stock option plans	-	1.6	-	1.6
Repayments of borrowings	-	-	-	-2.0
Cash flow from financing activities	4.3	281.8	52.3	404.7
Cash flow for the period	-33.7	269.1	-37.8	361.7
Cash and cash equivalents at the beginning of the period	357.8	92.7	361.8	0.2
Cash and cash equivalents at the end of the period	324.1	361.8	324.1	361.8

1) See Note 6 on page 16.

Notes

Note 1 Accounting policies

The interim report for the Devyser Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Swedish Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups, have also been applied. The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company applies the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. Under RFR 2, the Parent Company is required to apply the same accounting policies as the Group, which means that IFRS should be applied as far as possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Protection Act and tax considerations. New or amended IFRS standards and other IFRIC interpretations came into effect on January 1, 2022. None of the new standards affected the reporting of the Group or the Parent Company at December 31, 2022. For more information about the accounting policies, refer to the 2021 Annual Report.

Segment reporting

Devyser applies IFRS 8 Operating segments. Devyser's activities are currently focused on development and sales within a niche and uniform category of goods of a similar nature in the product area of diagnostic reagents, and only one segment is therefore reported, which is fully reflected in the Group's financial statements. All development activities are focused on the same common base product. The Group's strategic steering committee and highest decision-makers, consisting of the CEO and a number of other senior executives who together form the senior management, evaluate the Group's activities as a whole based on products and product development. Sales are monitored by geographic region, currently Europe, the Middle East and Africa (EMEA), Asia-Pacific, North and South America and other regions. See the table on page 5.

Note 2 Incentive programs

Devyser has four outstanding incentive programs for employees and key personnel.

2020/2023 warrant program

The total program initially comprised 1,160 warrants. The warrants were acquired at market value. Each warrant entitles its holder to subscribe for 300 new shares at SEK 34.48 per share until September 19, 2023. The warrants are vested at a rate of one-third annually, provided that the holder remains an employee.

As of December 31, 2022, a total of 538 warrants had been granted and not exercised. Fredrik Alpsten, CEO, holds 193 warrants.

2021/2024 warrant program

The total program comprises 198,000 warrants. The warrants were acquired at market value. Each warrant entitles its holder to subscribe for one new share at SEK 87.06 per share until June 2024. The warrants are vested at a rate of one-third annually, provided that the holder remains an employee.

As of December 31, 2022, a total of 197,300 options had been granted and not exercised. Fredrik Alpsten, CEO, holds 51,000 warrants. Three members of the senior management together hold a total of 83,000 warrants.

2021/2026 employee stock option plan

The total plan comprises 102,000 employee stock options. The options are granted free of charge. Each option entitles its holder to subscribe for one new share at SEK 87.06 per share until June 2026. The options are vested at a rate of one-third annually starting from the grant date, provided that the holder remains an employee.

As of December 31, 2022, a total of 101,700 options had been granted and not exercised. No members of the senior management hold any employee stock options under the plan.

2022/2026 employee stock option plan

The total plan comprises 250,000 employee stock options, plus 78,550 options for the hedging of social security contributions. The options are granted free of charge. Each option entitles its holder to subscribe for one new share at SEK 89.34 per share until June 2026. The options are vested at a rate of one-third annually starting from the grant date, provided that the holder remains an employee.

As of December 31, 2022, a total of 208,900 options had been granted and not exercised. Two members of the senior management together hold a total of 100,000 employee stock options.

Note 3 Related-party transactions

Related parties are defined as senior management, the Board of Directors of the Parent Company, the owners of Devyser Diagnostics AB and the Group's subsidiaries. Shares in subsidiaries and transactions between Group companies are eliminated in the consolidated financial statements and are not, therefore, disclosed. See Note 2 on incentive programs.

The following related-party transactions took place during the period:

The Group purchased marketing services from a person close to Deputy CEO Ulf Klangby. Expenses for the period from January to December 2022 amounted to SEK 92.9 thousand (1,012.9) and for the fourth quarter of 2022 to SEK 0.0 thousand (0.0).

The Group also purchased a software license from a company that is a related party of CFO Sabina Berlin. Expenses for the period from January to December 2022 amounted to SEK 30.0 thousand (0) and for the fourth quarter of 2022 to SEK 0.0 thousand (0).

The transactions are considered to have been carried out at arm's length.

Note 4 Financial assets and liabilities

The financial assets and liabilities on the balance sheet, mainly trade receivables and payables, are measured at amortized cost, which is considered the best estimate of their fair value. Provisions are measured at fair value. There are no derivative instruments.

Note 5 Revenue from contracts with customers

Devyser applies IFRS 15 Revenue from contracts with customers. The majority of Devyser's revenue is from the sale of goods that are sold primarily to clinical labs at hospitals and other operators. Devyser's performance obligations in its contracts consist of providing the goods specified in them. The performance obligations are met and the revenue is reported when control of the products is transferred to the customer. For most delivery contracts, control is transferred when the goods leave Devyser and the customer can therefore control their use and benefit from them. Invoicing normally takes place in connection with delivery. Devyser has chosen to apply the practical solution in IFRS 15 not to disclose remaining performance obligations where the term is less than one year.

Notes, continued

Note 6 Acquisitions of associates

At the beginning of February 2022, the Group acquired the remaining 70.1 percent of the Italian associate SmartSeq S.r.l.'s shares. The consideration amounted to SEK 8.6 million, of which 23 percent was paid in cash and 77 percent in newly issued Devyser shares. A total of 81,083 new shares were issued in payment, corresponding to a dilution of around 0.5 percent. At the time of the acquisition, SmartSeq S.r.l. had equity of EUR 456.2 thousand, of which Devyser's share totaled EUR 136.4 thousand.

The acquisition analysis shows a surplus value of approximately SEK 7.7 million, which has been allocated to goodwill (SEK 6.2 million) and rights (SEK 1.5 million). The Amplicon Suite software being developed by SmartSeq is an important part of Devyser's diagnostic analysis customer offering. The acquisition gives Devyser control over the rights and the possibility of integrating the Amplicon Suite into Devyser's existing and future reagent kits at a lower cost.

Information about the net assets and goodwill acquired:

Group	Feb 4, 2022
Consideration	
- cash paid	4.0
- share issues	6.5
- revaluation of acquisition of control	1.6
Total consideration	12.1
Fair value of net assets acquired	6.0
Goodwill	6.2

In the item other operating income in the consolidated statement of income and other comprehensive income, SEK 1.6 million relates to the revaluation of the acquisition of control.

Note 7 Provision due to retroactive payback levy

The Italian Ministry of Health has introduced a retroactive levy, known as a payback, on companies that marketed medical devices in Italy for sales to the National Health Service (NHS-SSN) in 2015, 2016, 2017 and 2018. Estimated costs for 2019 to 2022 has been included.

The total amount provided for is EUR 600 thousand and is reported in the consolidated statement of income and other comprehensive income in Selling expenses, and in the consolidated statement of financial position in Other liabilities.

Note 8 Deferred tax

Within the Group, deferred tax is mainly recognized for accumulated losses, leases and endowment policies for which there are temporary differences.

The tax effects on loss carryforwards are taken into account only to the extent that there are convincing factors that suggest that these can be utilized in the foreseeable future.

At year-end 2022, the Parent Company had carry forwards of unused tax losses of SEK 136.9 million (75.6), corresponding to deferred tax assets of SEK 28.2 million (15.6). After valuation, SEK 17.3 million (6.7) are recognized in deferred tax assets in the balance sheet. There are no time limits on any of the losses.

Use of non-IFRS performance measures

The Devyser Group prepares its consolidated financial statements in accordance with IFRS. Only a few performance measures are defined in the IFRS standards. Devyser applies the Guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authority (ESMA). To support the assessment of the Group's performance made by senior management and other stakeholders, Devyser uses some non-IFRS performance measures. Senior management believes that these measures make it easier to evaluate the performance of the Group.

Definitions of non-IFRS performance measures that are not provided elsewhere in this report are presented in the following table. The measures have been calculated using the actual financial statements, including IFRS 16.

	Oct - Dec 2022	Oct - Dec 2021	Jan - Dec 2022	Jan - Dec 2021
Gross margin (gross profit/net sales)				
Gross profit, SEK million	27.2	18.5	103.4	71.9
Net sales, SEK million	34.2	24.5	126.6	93.5
Gross margin, %	79.5	75.3	81.7	76.9
EBITDA margin (EBITDA/net sales)				
Operating profit/loss, SEK million	-25.9	-13.9	-52.0	-21.2
Depreciation/amortization, SEK million	-2.5	-1.6	-8.5	-6.0
Net sales, SEK million	34.2	24.5	126.6	93.5
EBITDA margin, %	Neg	Neg	Neg	Neg
Operating margin (operating profit/net sales)				
Operating profit/loss, SEK million	-25.9	-13.9	-52.0	-21.2
Net sales, SEK million	34.2	24.5	126.6	93.5
Operating margin, %	Neg	Neg	Neg	Neg
Return on equity (profit for the period/average equity)				
Profit/loss for the period, SEK million	-16.7	-10.6	-46.0	-20.7
Average equity, SEK million	437.1	281.1	424.1	223.7
Return on equity, %	Neg	Neg	Neg	Neg
Available liquidity (cash and cash equivalents + unutilized overdraft facility)				
Cash and cash equivalents, SEK million	363.6	377.6	363.6	377.6
Overdraft facility, SEK million	-	6.0	-	6.0
Utilized overdraft facility, SEK million	-	-	-	-
Available liquidity, SEK million	363.6	383.6	363.6	383.6
Net cash/Net debt (interest-bearing liabilities - interest-bearing assets)				
Interest-bearing liabilities, SEK million	21.2	13.0	21.2	13.0
Interest-bearing assets, SEK million	363.6	377.6	363.6	377.6
Net cash (-)/Net debt (+), SEK million	-342.4	-364.7	-342.4	-364.7
Equity ratio (closing equity for the period/closing total assets for the period)				
Closing equity, SEK million	431.4	416.7	431.4	416.7
Closing total assets, SEK million	500.6	456.9	500.6	456.9
Equity ratio, %	86.2	91.2	86.2	91.2
Growth adjusted for exchange rate changes (((sales in currency for the period * (previous period's exchange rate - average exchange rate for the period in currency) + net sales)) - previous period's net sales))/previous period's net sales)				
Net sales in EUR million	2.5	2.1	9.9	8.0
Net sales in USD million	0.1	0.1	0.7	0.5
Net sales in GBP million	0.1	-	0.3	-
Net sales, SEK million	34.2	24.5	126.6	93.5
Average exchange rate EUR/SEK	10.9343	10.1253	10.6301	10.1444
Average exchange rate USD/SEK	10.7245	8.8543	10.1202	8.5800
Average exchange rate GBP/SEK	12.5735	11.9331	12.4658	11.7994
Sales growth adjusted for exchange rate changes, %	29.8	39.7	29.0	46.9

About Devyser

Devyser develops, manufactures and sells genetic tests to laboratories in more than 50 countries. The products are used for advanced DNA testing in the hereditary disease, oncology and post-transplant monitoring fields, and to enable targeted cancer treatment, the diagnosis of a large number of genetic diseases, and transplant patient follow-up. Devyser's products simplify complex genetic testing processes, improve sample throughput, minimize hands-on time and deliver rapid results. Devyser was founded in 2004 and is based in Stockholm, Sweden. For further information, visit www.devyser.com

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All reports are published on the company's website: <https://investors.devyser.com/en/reports-presentations>

Financial calendar

Interim report Q1 2022	May 11, 2022
Interim report Q2 2022	August 24, 2022
Interim report Q3 2022	November 10, 2022
Year-end report 2022	February 21, 2023
Annual report 2022	April 4, 2023
Interim report Q1 2023	May 9, 2023
Annual General Meeting	May 10, 2023
Interim report Q2 2023	August 23, 2023
Interim report Q3 2023	November 9, 2023
Year-end report 2023	February 20, 2024



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