

November 14, 2022



bioAffinity Technologies Reports Third Quarter 2022 Financial Results and Provides Business Update

- *Successfully completed \$15.6 million IPO, including the exercise of warrants*
 - *Awarded therapeutic patents in China, Mexico and Australia*
- *Company on track to expand marketing outreach for its initial product, CyPath® Lung, that detects early-stage lung cancer*

SAN ANTONIO--(BUSINESS WIRE)-- [bioAffinity Technologies, Inc.](#) (NASDAQ: BIAF; BIAFW), a biotechnology company addressing the need for noninvasive diagnosis of early-stage cancer and diseases of the lung, and targeted cancer treatment, today reported its financial results for the third quarter of 2022 and provided a business update.

“Since our founding, bioAffinity Technologies has been dedicated to addressing the urgent need for noninvasive, early-stage cancer diagnosis and cancer treatment,” said Maria Zannes, President and Chief Executive Officer of bioAffinity Technologies. “Now that we have successfully raised the needed funds, we are confident that the outstanding scientific and commercialization team we have assembled will demonstrate the clinical value of [CyPath® Lung](#) in the marketplace. We will continue the development of additional non-invasive diagnostics for early-stage disease. With funds raised from our recent IPO and the exercise of warrants, bioAffinity Technologies also will pursue its promising research and development of broad-spectrum cancer therapeutics.

“We have begun a limited test-market launch in the San Antonio area and recently have started to recognize revenue from sales of CyPath® Lung by our licensee, Precision Pathology Services, a CAP-accredited, CLIA-certified clinical pathology laboratory,” Zannes said. “The limited launch allows us to evaluate our marketing program and help ensure each step in the care pathway – from the initial order by physicians, to sputum collection and processing, to generating and delivering the patient report – is efficient and effective. This limited test-market approach allows us to refine future positioning and develop strategic insight for our CyPath® Lung test before expanding to a larger national market. We believe our current efforts will be essential to developing a strategic and cost-effective plan for a robust national rollout.”

Corporate Highlights

Award of Therapeutic Patents in China, Mexico and Australia: In October, the Company was pleased to announce that its wholly owned subsidiary, OncoSelect®, has been awarded patents to protect novel porphyrin-conjugated compounds for selective delivery of cancer treatments by the People’s Republic of China.

Additionally, bioAffinity Technologies announced that Mexico and Australia recently awarded the Company therapeutic patents with claims directed to novel compounds of porphyrin-conjugates for selective delivery of cancer treatment. The patents grant protection to 2037.

Presentation at CHEST Conference: Also in October, bioAffinity Technologies announced that results of its research into the use of flow cytometry for analyzing the lung environment to detect diseases of the lung were accepted for presentation at the [American College of Chest Physicians \(CHEST\) 2022 conference](#). The data showed how flow cytometry can be used in development of diagnostics for COPD and asthma – similar to how the Company successfully uses flow cytometry in the CyPath[®] Lung test to detect early-stage lung cancer.

Publication of Peer-Reviewed Results in PLOS ONE: In September, the Company announced publication of its research in high-throughput flow cytometry analysis of sputum in the journal, [PLOS ONE](#). The article, titled [Sputum analysis by flow cytometry: an effective platform to analyze the lung environment](#), reports on results of analyzing sputum by flow cytometry as the basis for high-throughput diagnostic tests to determine the health of the lung.

Successful Closing of IPO: On September 6, bioAffinity Technologies announced the successful closing of its Initial Public Offering (IPO) of 1,282,600 units, each consisting of one share of common stock, one tradeable warrant to purchase one share of common stock at an exercise price of \$7.35 per share, and one non-tradeable warrant to purchase one share of common stock at an exercise price of \$7.656 per share, for aggregate gross proceeds of approximately \$7.8 million, prior to deducting underwriting discounts, commissions, and other offering expenses.

Subsequent to the close of the IPO, the Company announced receipt of approximately \$7.7 million in additional gross proceeds from the exercise of tradeable and non-tradeable warrants. Specifically, investors exercised a total of 725,576 tradeable warrants at a price of \$7.35 per share and 310,910 non-tradeable warrants at a price of \$7.656 per share. Combined with the Company's underwritten public offering, the Company received an aggregate of approximately \$15.6 million as of September 28, 2022. In addition, the Company converted almost \$11 million in debt and related accrued interest as a result of the IPO.

Financial Highlights

bioAffinity Technologies reported revenue of about \$1,150 for the three months ended September 30, 2022. There was no revenue to report the prior year.

bioAffinity Technologies reported a net loss of \$4.6 million or \$1.10 per share, for the three months ended September 30, 2022, compared to a net loss of \$1.5 million or \$0.57 per share for the same period in 2021.

Research and development expenses for the three months ended September 30, 2022, were \$319,744 compared to \$330,772 for the third quarter of 2021. The decrease is primarily due to a decrease in legal costs related to patents and annuities compared to the prior year.

General and administrative expenses were \$596,476 for the third quarter of 2022, compared

to \$161,549 for the same period in 2021. The increase was primarily attributable to an increase in consulting, legal and professional fees incurred in 2022 compared to 2021 and costs due to the activities associated with being a public company.

Cash and cash equivalents totaled \$13.5 million at September 30, 2022, compared to \$1.4 million at December 31, 2021. In September 2022, the Company completed an Initial Public Offering resulting in net proceeds to the Company of approximately \$15.6 million.

Conference Call and Webcast Details

bioAffinity Technologies will host a conference call and webcast today at 8:00 a.m. Eastern Time to discuss the Company's financial results and provide a general business update. The webcast and subsequent replay may be accessed by visiting the Company's website at <https://ir.bioaffinitytech.com/>. Please connect to the Company's website at least 5 minutes prior to the webcast to ensure adequate time for any necessary software download. Alternately, please call 1-800-579-2543 (U.S.) or 1-203-518-9856 (international) to listen to the conference call. The conference ID for the call is BIAFQ322. Please dial in approximately 10 minutes prior to the call. The webcast will be available on the Company's website for approximately 45 days.

About bioAffinity Technologies, Inc.

bioAffinity Technologies, Inc. (NASDAQ: BIAF; BIAFW) addresses the need for noninvasive diagnosis of early-stage cancer and diseases of the lung, and targeted cancer treatment. The Company's first product, [CyPath[®] Lung](#), is a non-invasive test that has shown high sensitivity and specificity for the detection of early-stage lung cancer. [Precision Pathology Services](#) licensed and developed CyPath[®] Lung as a Laboratory Developed Test (LDT) and has begun test marketing in Southeast Texas. OncoSelect[®] Therapeutics, LLC, a subsidiary of bioAffinity Technologies, is advancing its discoveries shown *in vitro* to kill cancer cells without harm to normal cells. Research and optimization of the Company's platform technologies are conducted in its laboratories at The University of Texas at San Antonio.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding the anticipated use of proceeds from the Company's offering of common shares. Forward-looking statements can be identified by words such as "believes," "expects," "estimates," "intends," "may," "plans," "will" and similar expressions, or the negative of these words. Such forward-looking statements are based on facts and conditions as they exist at the time such statements are made and predictions as to future facts and conditions. Readers of this press release are cautioned not to place undue reliance on any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statement relating to matters discussed in this press release, except as may be required by applicable securities laws.

bioAffinity Technologies, Inc.
Unaudited Condensed Consolidated Balance sheets

September 30, 2022	December 31, 2020
(Unaudited)	

ASSETS

Current assets:

Cash and cash equivalents	\$ 13,497,938	\$ 1,360,638
Accounts and other receivables, net	9,930	1,530
Inventory	5,715	—
Prepaid and other current assets	541,323	76,065

Total current assets	14,054,906	1,438,233
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Deferred offering costs	—	7,942
Property and equipment, net	1,781	4,633
Other assets	6,000	2,500

Total assets	<u>\$ 14,062,687</u>	<u>\$ 1,453,308</u>
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LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:

Accounts payable	\$ 149,867	\$ 230,407
Accrued expenses	474,035	483,501
Accrued interest	25,168	1,121,392
Current portion of Paycheck Protection Program loan	—	52,074
Loan payable	490,117	—
Convertible notes payable	325,000	11,152,151

Total current liabilities	1,464,187	13,039,525
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Paycheck Protection Program loan, less current portion	—	160,184
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Total liabilities	<u>1,464,187</u>	<u>13,199,709</u>
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Commitments and contingencies

Convertible preferred stock, par value \$0.001 per share; 20,000,000 shares authorized; 0 and 5,296,044 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively; aggregate liquidation preference of \$0 and \$5,825,648, at September 30, 2022 and December 31, 2021, respectively

—	4,044,318
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Stockholders' equity (deficit):

Preferred stock, no shares issued or outstanding at September 30, 2022 and December 31, 2021, respectively

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Common stock, par value \$0.007 per share; 14,285,714 shares authorized; 8,369,750 issued and outstanding at September 30, 2022; and 2,677,140 shares issued and outstanding at December 31, 2021, respectively

58,588	18,740
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Additional paid-in capital

47,232,797	12,703,896
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Accumulated deficit

(34,692,885)	(28,513,355)
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Total stockholders' equity (deficit)

<u>12,598,500</u>	<u>(15,790,719)</u>
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Total liabilities, convertible preferred stock, and stockholders' equity	<u>\$ 14,062,687</u>	<u>\$ 1,453,308</u>
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bioAffinity Technologies, Inc.
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 1,150	\$ —	\$ 2,457	\$ —
Cost of sales	146	—	292	—
Gross profit	1,005	—	2,165	—

Operating expenses:

Research and development	319,744	330,772	949,388	877,674
Clinical development	60,941	33,972	141,684	78,241
General and administrative	596,476	161,549	1,298,409	591,155
Total operating expenses	977,161	526,293	2,389,481	1,547,070
Loss from operations	(976,156)	(526,293)	(2,387,316)	(1,547,070)
Other income (expense):				
Interest income	3	19	850	24
Interest expense	(589,091)	(135,359)	(2,135,941)	(363,828)
Gain on extinguishment of debt	—	—	212,258	239,200
Fair value adjustments on convertible notes payable	(3,053,914)	(852,161)	(1,866,922)	924,099
Net loss before provision for income taxes	(4,619,158)	(1,513,794)	(6,177,071)	(747,575)
Income tax expense	(300)	—	(2,459)	(1,950)
Net income (loss)	\$ (4,619,458)	\$ (1,513,794)	\$ (6,179,530)	\$ (749,525)
Net loss per common share, basic and diluted	\$ (1.10)	\$ (0.57)	\$ (1.93)	\$ (0.28)
Weighted average common shares outstanding	4,203,781	2,675,054	3,194,765	2,674,924

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20221114005386/en/>

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Source: bioAffinity Technologies, Inc.