

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2021

Commission File Number 001-35817

**VYANT BIO, INC.**

(Exact name of registrant as specified in the charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**04-3462475**

(I.R.S. Employer  
Identification Number)

**2 Executive Campus  
2370 State Route 70, Suite 310  
Cherry Hill, NJ 08002**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(201) 479-8126**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 Par Value	VYNT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated Filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

There were 28,985,814 shares of common stock, par value \$0.0001 of Vyant Bio, Inc. issued and outstanding as of August 12, 2021.

Vyant Bio, Inc. and Subsidiaries

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Part I Financial Information

Item 1 Financial Statements

**Vyant Bio, Inc.**  
(Formerly Known as Cancer Genetics, Inc.)  
**Consolidated Balance Sheets**  
(Unaudited)  
(Shares and USD in Thousands)

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 26,485	\$ 792
Trade accounts and other receivables	1,261	357
Inventory	407	415
Patent held for sale	30	-
Prepaid expenses and other current assets	1,890	223
Total current assets	<u>30,073</u>	<u>1,787</u>
Non-current assets:		
Fixed assets, net	1,654	1,031
Operating lease right-to-use assets, net	1,068	1,095
Intangible assets, net	9,262	-
Goodwill	21,703	-
Long-term prepaid expenses and other assets	1,641	136
Total non-current assets	<u>35,328</u>	<u>2,262</u>
<b>Total Assets</b>	<u>\$ 65,401</u>	<u>\$ 4,049</u>
<b>Liabilities, Temporary Equity and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 1,016	\$ 1,300
Accrued expenses	1,246	162
Deferred revenue	1,416	92
Obligations under operating leases, current portion	490	486
Obligation under finance lease, current portion	31	-
Other current liabilities	3	9
Current liabilities of discontinued operations	436	-
Total current liabilities	<u>4,638</u>	<u>2,049</u>
Obligations under operating leases, less current portion	576	627
Obligations under finance leases, less current portion	66	-
Share-settlement obligation derivative	-	1,690
Warrant liability	1	-
Accrued interest	-	277
Long-term debt	57	6,839
<b>Total Liabilities</b>	<u>5,338</u>	<u>11,482</u>
<b>Commitments and Contingencies (Note 15)</b>	-	-
<b>Temporary Equity</b>		
Series A Convertible Preferred stock, \$0.0001 par value; 4,700 shares authorized, 0 and 4,612 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively (liquidation value of \$0 and \$11,732, respectively, as of June 30, 2021 and December 31, 2020)	-	12,356
Series B Convertible Preferred stock, \$0.0001 par value; 4,700 shares authorized, 0 and 3,489 shares issued and outstanding, as of June 30, 2021 and December 31, 2020, respectively (liquidation value of \$0 and \$15,707, respectively, as of June 30, 2021 and December 31, 2020)	-	16,651
Series C Convertible Preferred stock, \$0.0001 par value; 2,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020 (liquidation value of \$0 as of June 30, 2021 and December 31, 2020)	-	-
<b>Total Temporary Equity</b>	<u>-</u>	<u>29,007</u>
<b>Stockholders' Equity (Deficit)</b>		
Preferred stock, authorized 9,764 shares \$0.0001 par value, none issued	-	-
Common stock, authorized 100,000 shares, \$0.0001 par value, 28,985 and 2,594 shares issued and outstanding as of June 30, 2021, and December 31, 2020, respectively	3	-
Additional paid-in capital	109,567	1,514
Accumulated comprehensive loss	(1)	-
Accumulated deficit	(49,506)	(37,954)
<b>Total Stockholders' Equity (Deficit)</b>	<u>60,063</u>	<u>(36,440)</u>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<u>\$ 65,401</u>	<u>\$ 4,049</u>

See Notes to Unaudited Consolidated Financial Statements.



**Vyant Bio, Inc.**  
**(Formerly Known as Cancer Genetics, Inc.)**  
**Consolidated Statements of Operations**  
**(Unaudited)**  
**(Shares and USD in Thousands)**

	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>				
Service	\$ 1,831	\$ 40	\$ 1,947	\$ 176
Product	116	59	222	91
Total revenues	<u>1,947</u>	<u>99</u>	<u>2,169</u>	<u>267</u>
<b>Operating costs and expenses:</b>				
Cost of goods sold – service	1,027	38	1,116	170
Cost of goods sold – product	345	147	741	313
Research and development	910	593	1,730	1,602
Selling, general and administrative	3,664	408	4,880	1,241
Merger related costs	165	-	2,310	-
Total operating costs and expenses	<u>6,111</u>	<u>1,186</u>	<u>10,777</u>	<u>3,326</u>
Loss from operations	<u>(4,164)</u>	<u>(1,087)</u>	<u>(8,608)</u>	<u>(3,059)</u>
<b>Other (expense) income:</b>				
Change in fair value of warrant liability	-	-	214	-
Change in fair value of share-settlement obligation derivative	-	(211)	(250)	(211)
Loss on debt conversions	-	-	(2,518)	-
Other income (expense)	(25)	1	(25)	1
Interest income	3	-	3	-
Interest expense	-	(36)	(368)	(37)
Total other (expense) income	<u>(22)</u>	<u>(246)</u>	<u>(2,944)</u>	<u>(247)</u>
<b>Loss before income taxes</b>	<u>(4,186)</u>	<u>(1,333)</u>	<u>(11,552)</u>	<u>(3,306)</u>
Income tax expense (benefit)	-	-	-	-
<b>Net loss</b>	<u>\$ (4,186)</u>	<u>\$ (1,333)</u>	<u>\$ (11,552)</u>	<u>\$ (3,306)</u>
<b>Net loss per common share:</b>				
Net loss per share attributable to common stock - Basic and Diluted	<u>\$ (0.14)</u>	<u>\$ (0.54)</u>	<u>\$ (0.72)</u>	<u>\$ (1.34)</u>
<b>Weighted average shares outstanding:</b>				
Weighted average common shares outstanding - Basic and Diluted	<u>28,985</u>	<u>2,468</u>	<u>16,156</u>	<u>2,464</u>

*See Notes to Unaudited Consolidated Financial Statements.*

**Vyant Bio, Inc.**  
**(Formerly Known as Cancer Genetics, Inc.)**  
**Consolidated Statements of Temporary Equity and Common Stockholders' Equity (Deficit)**  
**(Unaudited)**  
**(Shares and USD in Thousands)**

**Three months ended June 30, 2021 and 2020**

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Total Temporary Equity	Common Stock		Additional Paid in Capital	Accumulated Deficit	Accumulated Comprehensive Loss	Total Common Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount				
Balances as of March 31, 2021	-	\$ -	-	\$ -	-	\$ -	\$ -	28,985	\$ 3	\$ 109,205	\$ (45,320)	\$ -	\$ 63,888
Stock-based compensation	-	-	-	-	-	-	-	-	-	362	-	-	362
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Net loss	-	-	-	-	-	-	-	-	-	-	(4,186)	-	(4,186)
Balance as of June 30, 2021	-	\$ -	-	\$ -	-	\$ -	\$ -	28,985	\$ 3	\$ 109,567	\$ (49,506)	\$ (1)	\$ 60,063
Balances as of March 31, 2020	4,612	\$ 12,356	3,976	\$ 19,344	-	\$ -	\$ 31,700	2,468	\$ -	\$ 1,112	\$ (31,277)	\$ -	\$ (30,165)
Issuance of shares for services	-	-	-	-	-	-	-	4	-	6	-	-	6
Stock-based compensation	-	-	-	-	-	-	-	-	-	55	-	-	55
Exchange of Series B Preferred Stock for 2020 Convertible Notes	-	-	(468)	(2,588)	-	-	(2,588)	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-	(1,333)	-	(1,333)
Balance as of June 30, 2020	4,612	\$ 12,356	3,508	\$ 16,756	-	\$ -	\$ 29,112	2,472	\$ -	\$ 1,173	\$ (32,610)	\$ -	\$ (31,437)

*See Notes to Unaudited Consolidated Financial Statements.*

Vyant Bio, Inc.  
(Formerly Known as Cancer Genetics, Inc.)  
**Consolidated Statements of Temporary Equity and Common Stockholders' Equity (Deficit)**  
(Unaudited)  
(Shares and USD in Thousands)

Six months ended June 30, 2021 and 2020

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Total Temporary Equity	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Comprehensive Loss	Total Common Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount				
<b>Balance as of December 31, 2020</b>	4,612	\$ 12,356	3,489	\$ 16,651	-	\$ -	\$ 29,007	2,594	\$ -	\$ 1,514	\$ (37,954)	\$ -	\$ (36,440)
Stock-based compensation	-	-	-	-	-	-	-	-	-	728	-	-	728
Exercise of stock options	-	-	-	-	-	-	-	-	-	4	-	-	4
Issuance of Series C Convertible Preferred shares, net of issuance costs of \$214	-	-	-	-	567	1,786	1,786	-	-	-	-	-	-
Issuance of Common Stock for acquisition consideration	-	-	-	-	-	-	-	11,007	2	59,918	-	-	59,920
Issuance of incremental shares to StemoniX shareholders upon Merger	-	-	-	-	-	-	-	805	-	-	-	-	-
Conversion of Preferred Stock to Common Stock upon Merger	(4,612)	(12,356)	(3,489)	(16,651)	(567)	(1,786)	(30,793)	11,197	1	30,792	-	-	30,793
Conversion of 2020 Convertible Notes to Common Stock upon Merger	-	-	-	-	-	-	-	3,339	-	16,190	-	-	16,190
Preferred stock warrant settled for Common Stock upon Merger	-	-	-	-	-	-	-	43	-	-	-	-	-
Warrant liability reclassified to equity upon Merger	-	-	-	-	-	-	-	-	-	421	-	-	421
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Net loss	-	-	-	-	-	-	-	-	-	-	(11,552)	-	(11,552)
<b>Balance as of June 30, 2021</b>	-	\$ -	-	\$ -	-	\$ -	\$ -	28,985	\$ 3	\$ 109,567	\$ (49,506)	\$ (1)	\$ 60,063
<b>Balance as of December 31, 2019</b>	4,612	\$ 12,356	3,735	\$ 18,045	-	\$ -	\$ 30,401	2,456	\$ -	\$ 1,047	\$ (29,304)	\$ -	\$ (28,257)
Stock-based compensation	-	-	-	-	-	-	-	-	-	97	-	-	97
Issuance of shares for services	-	-	5	30	-	-	30	4	-	6	-	-	6
Exercise of stock options	-	-	-	-	-	-	-	12	-	23	-	-	23
Issuance of Series B Convertible Preferred shares, net of issuance costs of \$41	-	-	236	1,250	-	-	1,250	-	-	-	-	-	-
Exchange of Series B Preferred Stock for 2020 Convertible Notes	-	-	(468)	(2,569)	-	-	(2,569)	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-	(3,306)	-	(3,306)
<b>Balance as of June 30, 2020</b>	4,612	\$ 12,356	3,508	\$ 16,756	-	\$ -	\$ 29,112	2,472	\$ -	\$ 1,173	\$ (32,610)	\$ -	\$ (31,437)

See Notes to Unaudited Consolidated Financial Statements.

**Vyant Bio, Inc.**  
**(Formerly Known as Cancer Genetics, Inc.)**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(USD in Thousands)**

	Six months ended June 30,	
	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (11,552)	\$ (3,306)
Reconciliation of net loss to net cash used in operating activities:		
Stock-based compensation	728	133
Amortization of operating lease right-of-use assets	135	244
Depreciation and amortization expense	567	287
Change in fair value of share-settlement obligation derivative	250	211
Change in fair value of warrant liability	(214)	-
Change in fair value of 2020 Convertible Note with fair value election	4	-
Accretion of debt discount	173	13
Loss on conversion of debt	2,518	-
PPP loan forgiveness	-	(649)
Loss on equipment	6	29
Changes in operating assets and liabilities, net of impacts of business combination:		
Trade accounts and other receivables	(34)	(54)
Inventory	8	(50)
Prepaid expenses and other current assets	(1,208)	151
Accounts payable	(1,081)	459
PPP loan proceeds	-	730
Obligations under operating leases	(162)	(247)
Accrued expenses and other current liabilities	(808)	12
Net cash used in operating activities	<u>(10,670)</u>	<u>(2,037)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of equipment	(520)	-
Proceeds from sale of equipment	-	17
Cash acquired from acquisition	30,163	-
Net cash provided by investing activities	<u>29,643</u>	<u>17</u>
<b>Cash Flows from Financing Activities:</b>		
EIDL loan proceeds	-	67
Issuance of common stock	4	23
Issuance of Series B Preferred stock, net of issuance costs	-	1,250
Issuance of Series C Preferred stock, net of issuance costs	1,786	-
2020 Convertible Note proceeds	5,022	332
Principal payments on long-term debt	(82)	-
Proceeds from related party notes	-	80
Principal payments on obligations under finance leases	(10)	(37)
Net cash provided by financing activities	<u>6,720</u>	<u>1,715</u>
Net increase (decrease) in cash and cash equivalents	25,693	(305)
Cash and cash equivalents, beginning of the period	792	315
Total cash and cash equivalents, end of period	<u>\$ 26,485</u>	<u>\$ 10</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ -	\$ 7
Cash paid for income taxes	-	-
Non-cash investing activities:		
Fair value of non-cash merger consideration	\$ 59,920	\$ -
Equipment purchases in accounts payable	\$ 37	\$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 83	\$ -
Non-cash financing activities:		
Conversion of Preferred Stock to Common Stock upon Merger	\$ 30,793	\$ -
Conversion of 2020 Convertible Notes and accrued interest to Common Stock upon Merger	\$ 16,190	\$ -
Exchange of Series B Preferred stock for 2020 Convertible Notes	\$ -	\$ 2,569
Reclass warrant liability to equity upon Merger	\$ 421	\$ -

*See Notes to Unaudited Consolidated Financial Statements.*



**Vyant Bio, Inc.**  
**(formerly known as Cancer Genetics, Inc.)**  
**Notes to Condensed Consolidated Financial Statements**  
**Period Ended June 30, 2021**  
**(Unaudited)**

***Note 1. Organization and Description of Business***

Vyant Bio, Inc. (“Vyant” or “the Company”) is an innovative biotechnology company focused on partnering with pharmaceutical and other biotechnology companies to identify novel biological targets and therapeutics through the integration of human-derived biology with data science technologies and investigational new drug (“IND”) expertise.

The Company has two wholly-owned operating subsidiaries StemoniX, Inc. (“StemoniX”) and *vivoPharm* Pty Ltd (“*vivoPharm*”). StemoniX develops and manufactures high-density, at-scale human induced pluripotent stem cell (“iPSC”) derived neural and cardiac screening platforms for drug discovery and development. *vivoPharm* has an extensive set of anti-tumor referenced data based on predictive xenograft and syngeneic tumor models to provide discovery services such as contract research services, focused primarily on unique specialized studies to guide drug discovery. By combining the two companies, Vyant intends to build on the historic businesses and empower the discovery of new medicines and biomarkers through the convergence of its novel human biology and software technologies.

In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”), the Company has omitted footnote disclosures that would substantially duplicate the disclosures contained in the audited consolidated financial statements of the Company. These unaudited condensed consolidated financial statements should be read together with the audited financial statements of StemoniX, Inc. for the year ended December 31, 2020, and notes thereto included in the Company’s April 5, 2021 Form 8-K report as filed with the SEC.

In the opinion of the Company’s management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments, consisting solely of those which are of a normal recurring nature, necessary to present fairly its financial position as of June 30, 2021 and the results of its operations, cash flows and changes in stockholders’ equity (deficit) for the three and six months ended June 30, 2021 and 2020. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for the entire 2021 year.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. Many of the Company’s customers worldwide were impacted by COVID-19 and temporarily closed their facilities which impacted revenues in the first half of 2020 for StemoniX. While the impact of the pandemic on our business has lessened, the global outbreak of COVID-19 continues with new variants and is impacting the way we operate our business as well as in certain circumstances limiting the availability of lab supplies. The extent to which the COVID-19 pandemic may impact the Company’s future business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

The Company is actively monitoring the impact of the COVID-19 pandemic on its business, results of operations and financial condition. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition in the future is unknown at this time and will depend on future developments that are highly unpredictable.

Dollar amounts in tables are stated in thousands of US dollars.

**Note 2. Cancer Genetics, Inc. Merger**

The Company formerly known as Cancer Genetics, Inc. ("CGI"), StemoniX and CGI Acquisition, Inc. ("Merger Sub") entered into a merger agreement on August 21, 2020, which was amended on February 8, 2021 and February 26, 2021 (as amended, the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Merger Sub was merged (the "Merger") with and into StemoniX on March 30, 2021, with StemoniX surviving the Merger as a wholly owned subsidiary of the Company. For U.S. federal income tax purposes, the Merger qualified as a tax-free "reorganization". Concurrent with the Merger closing, the Company changed its name to Vyant Bio, Inc. Under the terms of the Merger Agreement, upon consummation of the Merger, the Company issued (i) an aggregate of 17,977,544 shares of VYNT common stock, par value \$0.0001 per share (the "Common Stock") to the holders of StemoniX capital stock (after giving effect to the conversion of all StemoniX preferred shares and StemoniX 2020 Convertible Notes) and StemoniX warrants (which does not include a certain warrant (the "Investor Warrant") issued to a certain StemoniX convertible note holder (the "Major Investor")), (ii) options to purchase an aggregate of 891,780 shares of Common Stock to the holders of StemoniX options with exercise prices ranging from \$0.66 to \$4.61 per share and a weighted average exercise price of \$1.46 per share, and (iii) a warrant (the "Major Investor Warrant") to the Major Investor, expiring February 23, 2026 to purchase 143,890 shares of Common Stock at a price of \$5.9059 per share in exchange of the Investor Warrant.

The Merger was accounted for as a reverse acquisition with StemoniX being the accounting acquirer of CGI using the acquisition method of accounting. Under acquisition accounting, the assets and liabilities (including executory contracts, commitments and other obligations) of CGI, as of March 30, 2021, the effective time of the Merger were recorded at their respective fair values and added to those of StemoniX. Any excess of purchase price consideration over the fair values of the identifiable net assets is recorded as goodwill. Total consideration paid by StemoniX in the Merger amounted to \$59.9 million, which represents the fair value of CGI's 11,007,186 shares of Common Stock or \$50.74 million, 2,157,686 Common Stock warrants or \$9.04 million and 55,907 Common Stock options outstanding on the date of the Merger with a fair value of \$139 thousand. In addition at the time of the Merger, existing StemoniX shareholders received an additional 804,711 incremental shares due to the conversion ratio agreed to in the Merger Agreement.

StemoniX and CGI incurred \$165 thousand and \$2.3 million of costs associated with the Merger that have been reported on the consolidated statements of operations as Merger related costs for the three and six months ended June 30, 2021, respectively. There were no merger related costs on StemoniX's statements of operations for the three and six months ended June 30, 2020. As of June 30, 2021 and December 31, 2020, accounts payable includes \$20 thousand and \$1.0 million of Merger-related costs.

The following details the preliminary allocation of the purchase price consideration recorded on March 31, 2021, with adjustments recorded in the second quarter of 2021 and balances as of June 30, 2021.

	March 31, 2021	Adjustments	June 30, 2021
<b>Assets acquired:</b>			
Cash and equivalents	\$ 30,163	\$ -	\$ 30,163
Accounts receivable	705	-	705
Other current assets	806	164	970
Intangible assets	9,500	-	9,500
Fixed assets	416	(15)	401
Goodwill	22,164	(461)	21,703
Long-term prepaid expenses and other assets	1,381	-	1,381
<b>Total assets acquired</b>	<b>\$ 65,135</b>	<b>\$ (312)</b>	<b>\$ 64,823</b>
<b>Liabilities assumed:</b>			
Accounts payable and accrued expenses	\$ 2,670	\$ 189	\$ 2,859
Current liabilities of discontinued operations	588	(141)	447
Obligations under operating leases	198	-	198
Obligations under finance leases	106	-	106
Deferred revenue	1,293	-	1,293
Income taxes payable	360	(360)	-
<b>Total liabilities assumed</b>	<b>\$ 5,215</b>	<b>\$ (312)</b>	<b>\$ 4,903</b>
<b>Net assets acquired</b>	<b>\$ 59,920</b>	<b>\$ -</b>	<b>\$ 59,920</b>

We have completed preliminary valuation analyses necessary to assess the fair values of the tangible and intangible assets acquired and liabilities assumed and the amount of goodwill to be recognized as of the acquisition date. These fair values were based on management's estimates and assumptions; however, the amounts shown above are preliminary in nature and are subject to adjustment, including income tax related amounts, as additional information is obtained about the facts and circumstances that existed as of the acquisition date. Accordingly, there may be adjustments to the assigned values of acquired assets and liabilities, including, but not limited to, intangible assets and property and equipment and their respective estimated useful lives, that may also give rise to material increases or decreases in the amounts of depreciation and amortization expense. The final determination of the fair values and related income tax impacts will be completed as soon as practicable, and within the measurement period of up to one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period will be recorded in the reporting period in which the adjustment is determined. The Company has also not yet completed its fair value analysis for a number of items including discontinued operations liabilities. Of the amount of goodwill acquired in the Merger, no portion is deductible for tax purposes.

The Company recognized intangible assets related to the Merger, which consist of the tradename valued at \$1.5 million with an estimated useful life of ten years and customer relationships valued at \$8.0 million with an estimated useful life of ten years. The value of the vivoPharm tradename was determined using the relief from royalty method based on analysis of profitability and review of market royalty rates. The Company determined that a 1.0% royalty rate was appropriate given the business-to-business nature of the vivoPharm operations. The value of the vivoPharm customer relationships was determined using an excess earnings method based on projected discounted cash flows and historic customer data. Key assumptions in this analysis included an estimated 10% annual customer attrition rate based on historical vivoPharm operations, a blended U.S. federal, state and Australian income tax rate of 27.1%, a present value factor of 8.5% as well as revenue, cost of revenue and operating expense assumptions regarding the future growth, operating expenses, including corporate overhead charges, and required capital investments.

These intangible assets are classified as Level 3 measurements within the fair value hierarchy.

The following presents the unaudited pro forma combined financial information as if the Merger had occurred as of January 1, 2020:

	For the three months ended June, 30		For the six months ended June 30,	
	2021	2020	2021	2020
<b>Total revenues</b>	\$ 1,947	\$ 1,545	\$ 3,788	\$ 3,139
<b>Net loss</b>	(4,021)	(2,689)	(5,560)	(5,799)
<b>Pro forma loss per common share, basic and diluted</b>	(0.14)	(0.09)	(0.19)	(0.20)
<b>Pro forma weighted average number of common shares basic and diluted</b>	28,985,924	28,830,441	28,973,370	28,826,652

The pro forma combined results of operations are not necessarily indicative of the results of operations that actually would have occurred had the Merger been completed as of January 1, 2020, nor are they necessarily indicative of future consolidated results.

### ***Note 3. Significant Accounting Policies***

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company’s significant estimates include estimated transaction price, including variable consideration, of the Company’s revenue contracts; the value of intangible assets arising from the Merger, the useful lives of fixed assets; the valuation of derivatives and one 2020 Convertible Note accounted for under the fair-value election; deferred tax assets, inventory, right-of-use assets and lease liabilities, stock-based compensation, income tax uncertainties, and other contingencies.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Vyant Bio, Inc. and its wholly-owned subsidiaries. All significant intercompany account balances and transactions have been eliminated in consolidation.

#### ***Reclassification***

As a result of the Merger, the Company has reclassified \$92 thousand of deferred revenue as of December 31, 2020 previously included in the balance sheet caption other current liabilities to deferred revenue to conform to the post-Merger presentation.

#### ***Foreign currency***

The Company translates the financial statements of its foreign subsidiaries, which have a functional currency in the respective country’s local currency, to U.S. dollars using month-end exchange rates for assets and liabilities and average exchange rates for revenue, costs and expenses. Translation gains and losses are recorded in accumulated other comprehensive loss as a component of stockholders’ equity. For the three and six months ended June 30, 2021 there were foreign currency translation losses of \$1 thousand and \$1 thousand, respectively. Gains and losses resulting from foreign currency transactions that are denominated in currencies other than the entity’s functional currency are included within the consolidated statements of operations. There were no foreign currency translation or transaction gains or losses for the three and six months ended June 30, 2020 as the Merger, which includes significant foreign operations, occurred on March 30, 2021.

#### ***Segment Reporting***

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. Substantially all of the Company’s assets are maintained in the United States and, effective with the Merger, Australia. The Company views its operations and has managed its business as one segment.

#### ***Risks and Uncertainties***

The Company operates in an industry that is subject to intense competition, government regulation and rapid technological change. The Company’s operations are subject to significant risk and uncertainties including financial, operational, technological, regulatory, and other risks, including the potential risk of business failure.

#### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at December 31, 2020 is \$738 thousand of restricted cash related to the Company’s PPP loan. The Company was required to escrow the PPP loan proceeds plus accrued interest as the Company’s PPP loan forgiveness application had not been processed by the U.S. Small Business Administration at the time of the Merger. This amount was returned to the Company in April 2021 when the PPP loan was fully forgiven. The cash and cash equivalents balance at June 30, 2021 includes \$12 million invested in a U.S. government money market fund.

### ***Trade Accounts Receivable***

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company records an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to consider current market conditions and the Company's customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. No allowances were recorded as of June 30, 2021 or December 31, 2020. Write-offs for the three and six months ended June 30, 2021 and 2020 were not significant. The Company does not have any off-balance-sheet credit exposure related to its customers.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade receivables. The Company places cash and cash equivalents in various financial institutions with high credit rating and limits the amount of credit exposure to any one financial institution. Trade receivables are primarily from clients in the pharmaceutical and biotechnology industries, as well as academic and government institutions. Concentrations of credit risk with respect to trade receivables, which are typically unsecured, are limited due to the wide variety of customers using the Company's products and services as well as their dispersion across many geographic areas. As of June 30, 2021 and December 31, 2020, two and three customers, respectively, represented 10% or more of the Company's total trade accounts receivable. In the aggregate, these customers represented 49% and 73% respectively, of the Company's total trade accounts receivable.

### ***Inventory***

Inventory is stated at the lower of cost or net realizable value, with cost being determined on a first-in first-out basis. Cost includes materials, labor and manufacturing overhead related to the purchase and production of inventory. Costs associated with the underutilization of capacity are expensed to Cost of goods sold - products as incurred. Inventory is adjusted for excess and obsolete amounts. Evaluation of excess inventory includes items such as inventory levels, anticipated usage, and customer demand, among others.

### ***Prepaid Assets and Other Assets***

In connection with the merger on March 30, 2021, a number of Director and Officer insurance contracts were in place, including tail policies accounted for as acquired assets. Aggregate premiums of \$2.65 million are being expensed over the term of each respective policy. As of June 30, 2021, \$1.17 million has been classified in the consolidated balance sheet as non-current prepaid assets related to amounts that will be expensed more than one year from after June 30, 2021.

For certain cells used by the Company in the vivoPharm services business, the Company acquires cells and then creates an inventory of cells for future use (the "Cell Bank"). This process produces larger batches of established products than current sales requirements due to economies of scale through a highly controlled manufacturing process. Accordingly, the manufacturing process for these products has and will continue to produce quantities in excess of forecasted usage. The Company forecasts usage for its products based on several factors including historical demand, current market dynamics, and technological advances. The Company forecasts product usage on an individual product level for a period that is consistent with our ability to reasonably forecast inventory usage for that product. There have been no material changes to the Company's estimates of the net realizable value for excess and obsolete inventory or other types of inventory reserves and inventory cost adjustments since the Merger. Additionally, current and historical reserves recorded to reduce the cost of inventory to its net realizable value become part of the new cost basis for the inventory. Given the long-term utilization period of the frozen Cell Bank, this asset is included in the consolidated balance sheets as non-current other assets. The carrying value of the Cell Bank was \$350 thousand as of June 30, 2021.

### ***Revenue Recognition***

The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and transfers control of the product to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a product to a customer, which is generally upon shipment as the customer has the ability to direct the use and obtain the benefit of the product.

Prior to the Merger, the Company's primary sources of revenue are product sales from the sale of microOrgan® plates and the performance of preclinical drug testing services using the microOrgan technology. Subsequent to the Merger, the Company's revenues include vivoPharm's discovery services, consisting primarily of contract research services focused primarily on unique specialized studies to guide drug discovery. The Company does not act as an agent in any of its revenue arrangements.

For product contracts, revenue is recognized at a point-in-time upon delivery to the customer. Product contracts with customers generally state the terms of the sale, including the quantity and price of each product purchased. Payment terms and conditions may vary by contract, although terms generally include a requirement of payment within a range of 30 to 90 days after the performance obligation has been satisfied. As a result, the contracts do not include a significant financing component. In addition, contracts typically do not contain variable consideration as the contracts include stated prices. The Company provides assurance-type warranties on all of its products, which are not separate performance obligations.

For service contracts, revenue is recognized over time and is generally defined pursuant to an enforceable right to payment for performance completed on service projects for which the Company has no alternative use as customer furnished compounds are added to Company plates for testing. The Company does not obtain control of the customer furnished compounds as the Company does not have the ability to direct the use. Revenue is measured by the costs incurred to date relative to the estimated total direct costs to fulfill each contract (cost-to-cost method). Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, materials and overhead.

Some contracts offer price discounts after a specified volume has been purchased. The Company evaluates these options to determine whether they provide a material right to the customer, representing a separate performance obligation. If the option provides a material right to the customer, revenue is allocated to these rights and deferred; subsequently the revenue is recognized when those future goods or services are transferred, or when the option expires.

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. Contract liabilities consist of fees invoiced or paid by the Company's customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company's revenue recognition criteria described above.

The Company records all amounts collected for shipping as revenue. Amounts collected from customers for sales tax are recorded in sales net of amounts paid to related taxing authorities.

Contract assets were \$119 thousand and \$32 thousand as of June 30, 2021 and December 31, 2020, respectively. Contract liabilities related to unfulfilled performance obligations were \$1.4 million and \$92 thousand as of June 30, 2021 and December 31, 2020, respectively, and are recorded in deferred revenue. Remaining performance obligations as of June 30, 2021 are expected to be recognized as revenue in the next twelve months.

### ***Derivative Instruments***

The Company recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. The Company evaluates its debt and equity issuances to determine if those contracts or embedded components of those contracts qualify as derivatives requiring separate recognition in the Company's financial statements. The result of this accounting treatment is that the fair value of the embedded derivative is revalued as of each reporting date and recorded as a liability, and the change in fair value during the reporting period is recorded in other income (expense) in the statements of operations. In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Derivative instrument liabilities are classified in the consolidated balance sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within twelve months of the consolidated balance sheet date.

### ***Warrants***

Except as noted in the next paragraph, the Company accounts for its preferred stock warrants issued to non-employees in equity as issuance costs, as the warrants were issued as vested share-based payment compensation to nonemployees.

The Company issued a warrant during first quarter of 2021 that contained an indexation feature not indexed to the Company's stock resulting in this warrant being accounted for as a derivative. Derivative warrants are recorded as liabilities in the accompanying consolidated balance sheets. These common stock purchase warrants do not trade in an active securities market, and as such, the Company estimated the fair value of these warrants using the Black-Scholes valuation pricing model with the assumptions as follows: the risk-free interest rate for periods within the contractual life of the warrant is based on the U.S. Treasury yield curve. The expected life of the warrants is based upon the contractual life of the warrants. The Company uses the historical volatility of its common stock and the closing price of its shares on the NASDAQ Capital Market. As further described in Note 10 to the consolidated financial statements, as a result of the Merger, the terms of this warrant were finalized through the conversion to a Vyant warrant resulting in the Vyant warrant being equity classified.

### ***Net Loss Per Share***

Basic loss per share is computed by dividing loss available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted loss per share is computed by dividing loss available to common shareholders by the weighted-average number of shares of common shares outstanding during the period increased to include the number of additional common shares that would have been outstanding if the potentially dilutive securities had been issued, using the treasury-stock method. As the Company incurred losses for all periods presented, potentially dilutive securities have been excluded from fully diluted loss per share as their impact is anti-dilutive and would reduce the loss per share.

### ***Convertible Notes***

The Company accounts for convertible notes using an amortized cost model. Debt issuance costs and the initial fair value of bifurcated compound derivatives reduce the initial carrying amount of the convertible notes. The carrying value is accreted to the stated principal amount at contractual maturity using the effective-interest method with a corresponding charge to interest expense. Debt discounts are presented on the consolidated balance sheets as a direct deduction from the carrying amount of that related debt.

### ***Fair Value Option***

The Company has the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Company elected to account for the convertible note issued to the Major Investor in February 2021 under the fair value option. See Note 10 to the consolidated financial statements.

### ***Intangible Assets***

Intangible assets consist of Vyant's customer relationships and tradename that were acquired in the Merger, which are being amortized using the straight-line method over the estimated useful lives of the assets of ten years. Amortization expense for these intangible assets aggregated \$238 thousand for the three and six months ended June 30, 2021. The cost and carrying value of intangible assets as of June 30, 2021 were \$9.5 million and \$9.3 million, respectively.

### ***Fixed Assets***

The Company's purchased fixed assets are stated at cost. Fixed assets under finance leases are stated at the present value of minimum lease payments.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful life of equipment is two to five years. Leasehold improvements are depreciated over the shorter of useful life or the lease term. Repair and maintenance costs are expensed as incurred.

Long-lived assets, such as fixed assets subject to depreciation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. As of June 30, 2021 and December 31, 2020, the Company determined that there were no indicators of impairment and did not recognize any fixed asset impairment. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and appraisals, as considered necessary.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net tangible and identified intangible assets acquired in a business combination. Goodwill is not amortized but is evaluated at least annually for impairment or when a change in facts and circumstances indicate that the fair value of the goodwill may be below the carrying value. No impairment losses were recognized during the three and six months ended June 30, 2021 and 2020.

### ***Leases***

The Company leases office space, laboratory facilities, and equipment. The Company determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method. The Company has elected the practical expedient to account for lease and non-lease components as a single lease component. Therefore, the lease payments used to measure the lease liability includes all of the fixed consideration in the contract.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments. The Company discounts its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow on a collateralized basis, it uses the interest rate it pays on its non-collateralized borrowings as an input to deriving an appropriate incremental borrowing rate, adjusted for the lease payments, the lease term and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease.

The lease term for all of the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

### ***Research and Development***

Research and development are expensed as incurred. Research and development costs primarily consist of personnel costs, including salaries and benefits, lab materials and supplies, and overhead allocation consisting of various support and facility related costs. Research and development costs were \$910 thousand and \$1.7 million for the three and six months ended June 30, 2021, respectively. Research and development costs were \$593 thousand and \$1.6 million for the three and six months ended June 30, 2020, respectively.

### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs were \$9 thousand and \$17 thousand, respectively, for the three and six months ended June 30, 2021. Advertising costs were \$4 thousand and \$16 thousand for the three and six months ended June 30, 2020, respectively.

### ***Stock Option Plan***

The Company recognizes all employee stock-based compensation as a cost in the consolidated financial statements. Equity-classified awards are measured at the grant date fair value of the award. The Company estimates grant date fair value using the Black-Scholes-Merton option-pricing model and accounts for forfeitures as they occur. Excess tax benefits of awards related to stock option exercises are recognized as an income tax benefit in the consolidated statements of operations and reflected in operating activities in the consolidated statements of cash flows.

### ***Commitments and Contingencies***

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### ***Fair Value Measurements***

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.



The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

#### ***Discontinued Operations***

Prior to the Merger, Cancer Genetics, Inc. (“CGI”) entered into asset purchase agreements whereby CGI sold all assets related to its BioPharma and Clinical businesses. CGI classified the disposals as discontinuing operations. As of June 30, 2021, \$436 thousand of liabilities relating to these businesses are classified as other current liabilities – discontinued operations on the Company’s consolidated balance sheets.

#### ***Valuation of Business Combination***

The Company allocates the consideration of a business acquisition to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, including identifiable intangible assets which either arise from a contractual or legal right or are separable from goodwill. The Company bases the fair value of identifiable intangible assets acquired in a business combination on detailed valuations that use information and assumptions provided by management, which consider management’s best estimates of inputs and assumptions that a market participant would use. The Company allocates to goodwill any excess purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Transaction costs associated with a business combination are expensed as incurred and recorded as merger related costs.

#### ***Recently Issued Accounting Standards***

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The amended guidance also clarifies and simplifies other aspects of the accounting for income taxes under ASC Topic 740, Income Taxes. The Company adopted this guidance effective January 1, 2021, prospectively, and the adoption of this standard did not have a material impact to the consolidated financial statements and related disclosures.

In January 2020, the FASB issued ASU No. 2020-01, *Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*, which clarified that before applying or upon discontinuing the equity method of accounting for an investment in equity securities, an entity should consider observable transactions that require it to apply or discontinue the equity method of accounting for the purposes of applying the fair value measurement alternative. The amended guidance will become effective for the Company on January 1, 2022. Early adoption is permitted. The Company does not believe this standard will have a material impact on its financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary optional guidance to ease the potential burden of accounting for reference rate reform due to the cessation of the London Interbank Offered Rate, commonly referred to as “LIBOR.” The temporary guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, relationships, and transactions affected by reference rate reform if certain criteria are met. The provisions of the temporary optional guidance are only available until December 31, 2022, when the reference rate reform activity is expected to be substantially complete. When adopted, entities may apply the provisions as of the beginning of the reporting period when the election is made. The Company does not believe this standard will have a material impact on its financial statements and has yet to elect an adoption date.

**Note 4. Inventory**

The Company's inventory consists of the following:

	June 30, 2021	December 31, 2020
Finished goods	\$ 26	\$ 40
Work in process	111	121
Raw materials	270	254
Total inventory	<u>\$ 407</u>	<u>\$ 415</u>

**Note 5. Fixed Assets**

Presented in the table below are the major classes of fixed assets by category:

	June 30, 2021	December 31, 2020
Equipment	\$ 3,124	\$ 2,212
Furniture and fixtures	20	-
Leasehold improvements	240	240
Property, Plant and Equipment, Gross	3,384	2,452
Less accumulated depreciation	1,730	1,421
Property, Plant and Equipment, Net	<u>\$ 1,654</u>	<u>\$ 1,031</u>

Depreciation expense recognized during the three months ended June 30, 2021 and 2020 was \$182 thousand and \$142 thousand, respectively, and for the six months ended June 30, 2021 and 2020, was \$308 thousand and \$287 thousand, respectively.

**Note 6. Leases**

The Company leases its laboratory, research and administrative office spaces under various operating leases. In March 2021, the Company recorded \$198 thousand of ROU assets and liabilities upon consummation of the Merger. As of April 1, 2021 the Company commenced a new lease for its corporate headquarters. The Company recorded a ROU asset and operating lease obligation of \$83 thousand related to this lease.

Amounts reported in the consolidated balance sheet as of June 30, 2021 and December 31, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Operating leases:		
Operating lease ROU assets, net	\$ 1,068	\$ 1,095
Operating lease current liabilities	\$ 490	\$ 486
Operating lease long-term liabilities	576	627
Total operating lease liabilities	<u>\$ 1,066</u>	<u>\$ 1,113</u>
Finance leases:		
Equipment	\$ 171	\$ 289
Accumulated depreciation	14	289
Finance leases, net	<u>\$ 157</u>	<u>\$ -</u>
Current installment obligations under finance leases	\$ 31	\$ -
Long-term portion of obligations under finance leases	66	-
Total finance lease liabilities	<u>\$ 97</u>	<u>\$ -</u>

Annual payments of lease liabilities under noncancelable leases as of June 30, 2021 are as follows:

	<b>Operating leases</b>	
Remainder of 2021	\$	396
2022		259
2023		158
2024		136
2025		131
2026		134
Thereafter		79
Total undiscounted lease payments		1,293
Less: Imputed interest		227
Total lease liabilities	\$	<u>1,066</u>

**Note 7. Income Taxes**

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets include, among others, capitalized research and development costs, net operating loss carryforwards and research and development tax credit carryforwards. Deferred tax assets are partially offset by deferred tax liabilities arising from intangibles, fixed assets and lease assets. Realization of net deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain based on the Company's history of losses. Accordingly, the Company's net deferred tax assets have been fully offset by a valuation allowance. Utilization of net operating loss and credit carryforwards may be subject to substantial annual limitation due to ownership change provisions of Section 382 of the Internal Revenue Code, as amended and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

As of both June 30, 2021 and December 31, 2020, the Company's liability for gross unrecognized tax benefits (excluding interest and penalties) totaled \$0 thousand and \$0, respectively. The Company had accrued interest and penalties relating to unrecognized tax benefits of \$0 and \$0 on a gross basis as of June 30, 2021 and December 31, 2020, respectively. The Company does not currently expect significant changes in the amount of unrecognized tax benefits during the next twelve months.

**Note 8. Long-Term Debt**

Long-term debt consists of the following:

	June 30, 2021	December 31, 2020
Department of Employment and Economic Development loan	\$ -	\$ 83
Economic Injury Disaster Loan	57	57
8% 2020 Convertible Notes, \$7,651 face amount, due July 2022	-	7,651
Total long-term debt before debt issuance costs and debt discount	<u>57</u>	<u>7,791</u>
Less: current portion of long-term debt	-	-
Less: debt discount (net of accretion of \$0 and \$235, respectively)	-	(952)
Total long-term debt	<u>\$ 57</u>	<u>\$ 6,839</u>

Future annual principal repayments due on the long-term debt as of June 30, 2021 are as follows:

	Amount
Remainder of 2021	\$ -
2022	-
2023	1
2024	1
2025	1
2026	1
Thereafter	<u>53</u>
Total	<u>\$ 57</u>

## **2020 Convertible Notes**

Effective February 8, 2021 the Company's shareholders and 2020 Convertible Note holders approved amendments to the 2020 Convertible Notes to allow for the issuance of up to \$10.0 million in 2020 Convertible Notes for cash (plus up to approximately \$3.9 million of 2020 Convertible Notes in exchange for the cancellation of Series B Preferred stock) as well as modifications to the financing's terms for any 2020 Convertible Noteholder that invested at least \$3.0 million of cash since May 4, 2020 in the offering (a "Major Investor"). As of March 12, 2021, the Company completed the \$10.0 million 2020 Convertible Note offering. The Company raised approximately \$5.0 million from the sale of 2020 Convertible Notes from January 1, 2021 through March 12, 2021 of which approximately \$3.9 million were to related parties, including former StemoniX Board members as well as a more than 5% owner of Series B Preferred stock. For any Major Investor, the modified terms provide for a fixed conversion discount on the 2020 Convertible Notes of 20% and a common stock warrant equal to 20% of the amount invested in all 2020 Convertible Notes by such Major Investor divided by the weighted average share price of the Common Stock over the five trading days prior to the closing of the Merger. One 2020 Convertible Note holder that had previously invested \$1.25 million in the offering invested an additional \$3.0 million on February 23, 2021 and upon the Merger received a warrant to purchase 143,890 shares of the Company's common stock at an exercise price of \$5.9059 per share (the "Major Investor Warrant"). At the time of the Merger, the outstanding principal of the 2020 Convertible Notes of approximately \$12.7 million plus accrued interest of \$468 thousand were exchanged for 3,338,944 shares of the Company's common stock. In connection with this exchange, the Company recorded a debt extinguishment loss of \$2.5 million in the first quarter of 2021. The weighted average interest rate on the 2020 notes during the six-month period ended June 30, 2021 was 18.22%.

## **Payroll Protection Plan Loan**

In April 2020, the Company applied for and received a \$730 thousand loan under the Payroll Protection Plan ("PPP") as part of the Coronavirus Aid, Relief, and Economic Security Act's ("CARES Act"). Under the PPP, the Company was able to receive funds for two and a half months of payroll, rent, utilities, and interest cost. The Company has determined that the entire PPP loan will be forgiven resulting in no repayment, including the \$10 thousand EIDL grant. The \$730 thousand of PPP loan forgiveness was recorded as a reduction of operating costs during the second and fourth quarters of 2020. Therefore, the PPP loan is not reflected as a liability as of December 31, 2020. In April 2021 the SBA fully forgave the PPP loan.

## **Economic Injury Disaster Loan**

In 2020 the Company received a \$57 thousand Economic Injury Disaster Loan ("EIDL") loan and a \$10 thousand grant from the Small Business Administration in connection with the COVID-19 impact on the Company's business. This loan bears interest at 3.75% and is repayable in monthly installments starting in June 2022 with a final balance due on June 21, 2050

## **Note 9. Stockholders' Equity**

### **Common Stock**

Holders of common stock are entitled to one vote per share, to receive dividends if and when declared, and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares. Common stock is subordinate to the preferred stock with respect to dividend rights and rights upon liquidation, winding up and dissolution of the Company.

### **Preferred Stock**

#### **Series A and B Preferred Stock**

As of December 31, 2020, the Company had 4,611,587 shares of Series A Preferred Stock (the "Series A Preferred") 3,489,470 shares of Series B Preferred Stock (the "Series B Preferred") issued and outstanding (collectively, the "Preferred Stock"). The Company had classified the Preferred Stock as temporary equity in the consolidated balance sheets as the Preferred Shareholders control a Deemed Liquidation Event, as defined below, under the terms of the Series A and Series B Preferred Stock as described below. Effective with the Merger, all the Series A Preferred and the Series B Preferred shares were exchanged for 5,973,509 and 4,524,171 shares of common stock, respectively, and the related carrying value was reclassified to common stock and additional paid-in capital.

During the three months ended March 31, 2020, the Company sold 235,877 shares of Series B Preferred stock for net proceeds of \$1.25 million.

#### Series C Preferred Stock

Effective March 15, 2021, the Company's shareholders approved the Merger with Cancer Genetics and the authorization of \$2.0 million of the Company's Series C Preferred Stock ("Series C Preferred"). Effective with the Merger on March 30, 2021, the Series C Preferred shares were exchanged for 699,395 shares of Vyant Bio common stock and the related carrying value was reclassified to common stock and additional paid-in capital.

#### **Warrants**

##### Common Stock Warrant

The Company issued the Investor Warrant on February 23, 2021. Effective with the Merger, the Investor Warrant was exchanged for a warrant to purchase 143,890 shares of the Company's common stock at an exercise price of \$5.9059. Prior to this exchange, the Investor Warrant was classified a liability and the Company recognized a \$214 thousand gain in the first quarter of 2021 related to fair value adjustments. The fair value of the Investor Warrant was \$421 thousand at the time of the Merger and reclassified to additional paid in capital.

In connection with the Merger, the Company assumed 2,157,686 common stock warrants issued in prior financings. A summary of all common stock warrants outstanding as of June 30, 2021 is as follows:

Issuance Related to:	Exercise Price	Outstanding Warrants	Expiration
			Dates
2020 Convertible Note	\$ 5.91	143,890	Feb 23, 2026
2021 Offering	\$ 3.50	1,624,140	Feb 10, 2026 - Aug 3, 2026
Advisory Fees	\$ 2.42 - \$7.59	492,894	Jan 9, 2024 - Oct 28, 2025
Debt	\$ 27.60	14,775	Mar 22, 2024
Offering	\$ 67.50	8,580	Nov 25, 2021 - Mar 14, 2022
Debt	\$ 450	9,185	Oct 17, 2022 - Dec 7, 2022
Debt	\$ 300	8,112	Oct 17, 2022
Total		<u>2,301,576</u>	

##### Preferred Stock Warrants

In connection with the issuance of the Series A Convertible Preferred and Series B Convertible Preferred, the Company issued warrants (the "Series A Warrants" and "Series B Warrants", respectively, and collectively, the "Preferred Warrants") as compensation to non-employee placement agents. The Series A Warrants and Series B Warrants were issued on April 28, 2017 and May 18, 2019, respectively. The Company determined the Preferred Warrants should be classified as equity as they were issued as vested share-based payment compensation to nonemployees. The Preferred Warrants were recorded in stockholders' equity at fair value upon issuance with no subsequent remeasurement. In accordance with the Preferred Warrants' terms, upon the consummation of the Merger, the Preferred Warrants were converted and settled for a total of 43,107 shares of the Company's common stock.

#### Note 10. Fair Value Measurements

During the first quarter of 2021, the Company elected to account for the \$3.0 million investment in the 2020 Convertible Notes issued to the Major Investor using the fair value method. Further, the Major Investor Warrant was deemed to be a liability classified instrument due its variable settlement features. Both of these instruments were classified as Level 3 measurements within the fair value hierarchy.

The fair value of the Company's 2020 Convertible Note issued to the Major Investor is measured as the sum of the instrument's parts, being the underlying debt instrument and the conversion feature. The conversion feature was valued using the probability weighted conversion price discount. The instrument provides the holder the right to convert the instrument into shares of Series B Preferred Stock at a 20% discount. Given the timing of the issuance of the instrument near the Merger date, management determined that there was a 99.5% probability of the holders converting the instrument to Company shares at a 20% discount.

The Company valued the warrants issued with the 2020 Convertible Notes using a Black-Scholes-Merton model using the value of the underlying stock and exercise price of \$2.01, along with a risk-free interest rate of 0.59% and volatility of 86%. The Company estimated the term of the warrant to be 5 years.

The Company's 2020 Convertible Notes contain a share settled redemption feature ("Embedded Derivative") that requires conversion at the lesser of specified discounts from qualified financing price per share or the fair value of the common stock at the time of conversion. The discount changes based on the passage of time between issuance of the convertible note and the conversion event. This feature is considered a derivative that requires bifurcation because it provides a specified premium to the holder of the note upon conversion. The Company measures the share-settlement obligation derivative at fair value based on significant inputs that are not observable in the market. This results in the liability classified as a Level 3 measurement within the fair value hierarchy.

Upon the Merger, all of the Level 3 instruments were exchanged for Vyant Bio equity classified instruments. Prior to their exchange, all of these instruments were marked to their fair markets with corresponding changes recorded in the statement of operations in the first quarter of 2021. Therefore, there were no level 3 fair value instruments outstanding as of June 30, 2021.

The following tables present changes in fair value of level 3 valued instruments as of and for the six months ended June 30, 2021:

	<b>2020 Convertible Note</b>	<b>Warrant</b>	<b>Embedded Derivative</b>
Balance – January 1	\$ -	\$ -	\$ 1,690
Additions	3,746	635	325
Measurement adjustments	4	(214)	250
Settlement	(3,750)	(421)	(2,265)
Balance – June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following tables present changes in fair value of level 3 valued instruments as of and for the six months ended June 30, 2020:

	<b>Embedded Derivative</b>
Balance – Jan 1, 2020	\$ -
Additions	423
Measurement adjustments	211
Settlement	-
Balance – June 30, 2020	<u>\$ 634</u>



### Note 11. Loss Per Share

Basic loss per share is computed by dividing the net loss after tax attributable to common stockholders by the weighted average shares outstanding during the period. Diluted loss per share is computed by including potentially dilutive securities outstanding during the period in the calculation of weighted average shares outstanding. The Company did not have any dilutive securities during the periods presented; therefore, diluted loss per share is equal to basic loss per share.

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted loss per share calculations for the three and six months ended June 30, 2021 and 2020:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Net Loss	\$ (4,186)	\$ (1,333)	\$ (11,552)	\$ (3,306)
Basic and diluted weighted average shares outstanding	28,985,924	2,468,040	16,156,291	2,464,251
Net loss per shares attributable to common stockholder, basic and diluted	\$ (0.14)	\$ (0.54)	\$ (0.72)	\$ (1.34)

The following securities were not included in the computation of diluted shares outstanding for the three and six months ended June 30, 2021 and 2020 because the effect would be anti-dilutive:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Series A Preferred Stock	-	4,611,587	-	4,611,587
Series B Preferred Stock	-	3,508,580	-	3,508,580
Series A Warrants	-	48,714	-	48,714
Series B Warrants	-	9,943	-	9,943
Common Stock Warrants	2,301,576	-	2,301,576	-
Stock Options	2,176,036	876,681	2,176,036	876,681
2020 Convertible Notes	-	313,000	-	313,000
Total	<u>4,477,612</u>	<u>9,368,505</u>	<u>4,477,612</u>	<u>9,368,505</u>

### Note 12. Stock-Based Compensation

The Company has three legacy equity incentive plans: the Cancer Genetics, Inc. 2008 Stock Option Plan (the "2008 Plan") and the Cancer Genetics Inc. 2011 Equity Incentive Plan (the "2011 Plan"), and the StemoniX Inc. 2015 Stock Option Plan (the "2015 Plan", and together with the 2008 Plan, and the 2011 Plan, the "Frozen Stock Option Plans"). The Frozen Stock Option Plans as well as the 2021 Plan (as defined below) are meant to provide additional incentive to officers, employees and consultants to remain in the Company's employment. Options granted are generally exercisable for up to 10 years. Effective with the Merger, the Company is no longer able to issue options from the Frozen Stock Option Plans. The number of Common Stock options issued under the 2015 plan were adjusted for the Merger exchange ratio resulting in an incremental 205,856 options outstanding.

Effective with the Merger, the Vyant Bio 2021 Equity Incentive Plan (the "2021 Plan") came into effect, pursuant to which the Company's Board of Directors may grant up to 4,500,000 of equity-based instruments to officers, key employees, and non-employee consultants. On March 30, 2021, the Company granted 1,151,500 stock options to officers and other employees, 78,090 stock options to independent Board members and a restricted stock unit ("RSU") of 8,676 shares to the Company's Board chair. The options granted to officers and employees vest 25% one year from the grant date and thereafter equally over the next 36 months. The options granted to Board members vested upon grant. The Board chair RSU vests one year from the grant date.

As StemoniX was the acquirer for accounting purposes, the pre-Merger vested stock options granted by CGI under the 2008 and 2011 Plans are deemed to have been exchanged for equity awards of the Company. The exchange of StemoniX stock options for options to purchase Company common stock was accounted for as a modification of the StemoniX stock options; however, the modification did not result in any incremental compensation expense as the modification did not increase the fair value of the stock options.

For StemoniX stock options issued prior to the Merger, the expected volatility was estimated based on the average historical volatility of similar entities with publicly traded shares as StemoniX's shares historically were not publicly traded and its shares rarely traded privately. After the Merger, the Company used Vyant's historical volatility to determine the expected volatility of post-Merger option grants. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve at the date of grant.

The Company uses a simplified method to determine the expected term for the valuation of employee options. This method effectively assumes that exercise occurs over the period from vesting until expiration, and therefore the expected term is the midpoint between the service period and the contractual term of the award. The simplified method is applicable to options with service conditions. For options granted to nonemployees, the contractual term is used for the valuation of the options.

As of June 30, 2021, there were 3,261,734 additional shares available for the Company to grant under the 2021 Plan. The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The assumptions for stock option grants during the six months ended June 30, 2021 are provided in the following table.

	<b>2021</b>
Valuation assumptions	
Expected dividend yield	0.0%
Expected volatility	119.0% – 123.0%
Expected term (years) – simplified method	5.5 – 6.1
Risk-free interest rate	0.98% – 1.12%

Stock option activity during the six-month periods ended June, 2021 and 2020 is as follows:

	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>
Balance as of January 1, 2020	509,173	\$ 1.30	7.4
Granted	449,926	2.01	
Exercised	(12,000)	1.94	
Forfeited	(31,731)	1.66	
Expired	(38,687)	1.24	
Balance as of June 30, 2020	876,681	\$ 1.65	8.4
Balance as of January 1, 2021	756,383	1.82	8.7
Granted	1,229,590	4.61	
Additional options to StemoniX option holders	205,856	4.61	
Options assumed in Merger	55,840	45.95	
Exercised	(29,916)	1.24	
Forfeited	(34,717)	2.00	
Expired	(7,000)	1.39	
Balance as of June 30, 2021	2,176,036	\$ 4.80	9.0
Exercisable as of June 30, 2021	594,199	\$ 5.84	7.7

The weighted average grant-date fair value of options granted for the six months ended June 30, 2021 and June 30, 2020 was \$3.89 and \$1.38, respectively.

The Company recognized stock-based compensation related to different instruments for the three and six months ended June 30 as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Stock Options	\$ 352	\$ 55	\$ 718	\$ 97
Shares issued for services	10	6	10	36
Total	\$ 362	\$ 61	\$ 728	\$ 133

As of June 30, 2021, there was \$4.4 million of total unrecognized compensation cost related to unvested stock options granted under the Plan. That cost is expected to be recognized over a weighted average period of 3.7 years.

### 13. Segment Information

The Company reports segment information based on how the Company's chief operating decision maker ("CODM"), regularly reviews operating results, allocates resources and makes decisions regarding business operations. For segment reporting purposes, the Company's business structure is comprised of one operating and reportable segment.

During the three and six months ended June 30, 2021, four customers accounted for approximately 64% and 58%, respectively, of the consolidated revenues. During the three and six months ended June 30, 2020 four and three customers, respectively, accounted for approximately 58% and 46% of the respective consolidated revenues.

During the three and six months ended June 30, 2021, approximately 22% and 20% respectively, of the Company's consolidated revenues were earned outside of the United States. Substantially all revenues in 2020 were earned within the United States.

Customers representing 10% or more of the Company's total revenues for the three and six months ended June 30, 2021 and 2020 are presented in the table below:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Customer A	14%	N/A	13%	N/A
Customer B	24%	N/A	22%	N/A
Customer C	12%	N/A	10%	N/A
Customer D	14%	N/A	13%	N/A
Customer E	0%	16%	0%	6%
Customer F	0%	12%	0%	5%
Customer G	1%	0%	3%	20%
Customer H	1%	20%	0%	15%
Customer I	2%	30%	4%	11%

#### **Note 14. Related Party Transactions**

In January 2020, a Company officer advanced \$25 thousand to the Company. On August 12, 2020, to settle debt and accrued interest aggregating \$26 thousand owed to the Company officer, the executive used this amount to exercise an existing vested Company stock option and was issued 12,693 shares of common stock.

During the quarter ended June 30, 2020, a Company officer who was also a Board member, loaned the Company \$55 thousand. On July 10, 2020, the loan matured and it was rolled over into a new \$55 thousand loan. On August 12, 2020, principal and accrued interest owed to the executive were converted into the 2020 Convertible Notes at the same terms of other third-party investors.

During 2020, related parties including former StemoniX Board members, officers of the Company or their immediate family (“Related Parties”) purchased \$44 thousand, or 8,003 shares of Series B Preferred Stock and converted \$351 thousand of the 2020 Convertible Notes into 64,000 shares of Series B Preferred Stock. In all instances the terms of these transactions were the same as third-party investors.

During 2020, three Company executives deferred a portion of their compensation pursuant to the terms of their employment agreements. As of June 30, 2021 and 2020, the executives had deferred compensation of \$0 thousand and \$60 thousand respectively, of their compensation. The \$60 thousand was paid in April 2021 pursuant to the terms of the employment agreements.

#### **Note 15. Contingencies**

On November 13, 2020, a purported stockholder of the Company filed a complaint against Cancer Genetics, Inc. (“CGI”), the chief executive officer of CGI and the directors of CGI in the United States District Court for the Southern District of New York, entitled, Scott Sawin v. Cancer Genetics, Inc. et al. The complaint (the “Sawin Complaint”) alleged that CGI’s Registration Statement on Form S-4, as filed with the SEC on October 16, 2020 related to the merger (the “Merger”) of CGI and StemoniX, Inc. (the “Prior Registration Statement”), omitted to disclose certain material information allegedly necessary to make statements made in the Prior Registration Statement not misleading and/or false, in violation of Section 14(a) and Section 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 14a-9 promulgated thereunder, and alleged breach of fiduciary duty of candor/disclosure. The complaint sought injunctive relief, enjoining the Merger until the defendants to the applicable lawsuit disclose the alleged omitted material information, and costs, among other remedies. Subsequently, eight other complaints were filed against CGI and the directors of CGI in the United States District Court for the Southern District of New York, the United States District Court for the District of Delaware, and the United States District Court for the District of New Jersey alleging facts and seeking relief substantially similar to the Sawin Complaint.

On April 27, 2021, the Sawin Complaint was voluntarily dismissed, and seven of the other eight complaints have also been voluntarily dismissed or dismissed by the court for lack of prosecution. One complaint remains pending, although the Company has not been served in that case and the Court has indicated that the case will be dismissed for lack of prosecution on or about August 18, 2021, absent the filing of a letter satisfactorily explaining the failure to effect timely service on the defendants.

In November 2020, *vivoPharm* Pty Ltd received a letter from counsel for a customer of *vivoPharm* alleging entitlement to a refund of prepayments made under a master services agreement in the sum of approximately \$164 thousand. Counsel for *vivoPharm* responded and denied any liability. In February 2021 counsel for the customer repeated its claim and stated its intent to commence litigation if the matter were not resolved. Counsel for *vivoPharm* responded by repeating its denial of any liability but offering to pay \$60 thousand to resolve the matter. No litigation has been commenced to date. The Company has fully accrued for this claim in accrued expense as of June 30, 2021.

## ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes and the other financial information included elsewhere in this Quarterly Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Quarterly Report, particularly those under "Risk Factors."*

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "can," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "seek," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future.

There are a number of important factors that could cause the actual results to differ materially from those expressed in any forward-looking statement made by us. These factors include, but are not limited to:

- the expected benefits of, and potential value, including synergies, created by, the recently completed Merger transaction between the Company and StemoniX, Inc. ("StemoniX") for the stockholders of the Company;
- the Company's ability to adapt its business for future developments in light of the global outbreak of COVID-19, which continues to rapidly evolve;
- the Company's ability to internally identify and develop new iPSC disease models, drug candidates and intellectual property;
- the Company's ability to negotiate strategic partnerships, where appropriate, for technology and research data, iPSC and human primary cell-based disease models or drug candidates;
- the Company's need for significant additional capital and the Company's ability to satisfy its capital needs.
- the Company's ability to complete required clinical trials of its products and obtain approval from the FDA or other regulatory agencies in different jurisdictions;
- the Company's ability to execute on its marketing and sales strategy for its preclinical research services and gain acceptance of its services in the market;
- the Company's ability to keep pace with rapidly advancing market and scientific developments;
- the Company's ability to satisfy U.S. (including the Food and Drug Administration ("FDA")) and international regulatory requirements with respect to its services;
- the Company's ability to maintain its present customer base and obtain new customers;
- Company's ability to secure clinical co-development partnerships with pharmaceutical and biotechnology companies;
- the Company's ability to maintain the Company's clinical and research collaborations and enter into new collaboration agreements with highly regarded organizations so that, among other things, the Company has access to thought leaders in advanced preclinical and translational science;
- potential product liability or intellectual property infringement claims;
- the Company's ability to maintain or protect the validity of its patents and other intellectual property;
- the Company's dependency on third-party manufacturers to supply it with instruments and specialized supplies;
- the Company's ability to attract and retain a sufficient number of scientists, clinicians, sales personnel and other key personnel with extensive relevant experience, who are in short supply;
- the Company's ability to effectively manage its international businesses in Australia and Europe, including the expansion of its customer base and volume of new contracts in these markets;
- the Company's dependency on the intellectual property licensed to the Company or possessed by third parties; and
- the Company's ability to adequately support future growth.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report or the date of the document incorporated by reference into this report. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

## Overview

On March 30, 2021, Vyant Bio, Inc. (the “Company” “Vyant” “Vyant Bio” or “VYNT”), formerly known as Cancer Genetics, Inc. (“CGI”), completed its business combination (the “Merger”) with StemoniX, Inc., a Minnesota corporation (“StemoniX”), in accordance with the Agreement and Plan of Merger and Reorganization, dated as of August 21, 2020 (the “Initial Merger Agreement”) by and among the Company, StemoniX and CGI Acquisition, Inc., a Minnesota corporation and wholly-owned subsidiary of the Company (“Merger Sub”), as amended by Amendment No. 1 thereto made and entered into as of February 8, 2021 (the “First Amendment”) and Amendment No. 2 thereto made and entered into as of February 26, 2021 (the “Second Amendment”) (the Initial Merger Agreement, as amended by the First Amendment and Second Amendment, the “Merger Agreement”), pursuant to which Merger Sub merged with and into StemoniX, with StemoniX surviving the merger as a wholly-owned subsidiary of the Company (the “Merger”).

The Merger was accounted for as a reverse acquisition with StemoniX being the accounting acquirer of CGI using the acquisition method of accounting. Under acquisition accounting, the assets and liabilities (including executory contracts, commitments and other obligations) of CGI, as of March 30, 2021, the effective time of the Merger were recorded at their respective fair values and added to those of StemoniX. Any excess of purchase price consideration over the fair values of the identifiable net assets is recorded as goodwill. Total consideration paid by StemoniX in the Merger amounted to \$59.9 million, which represents the fair value of CGI’s 11,007,186 shares of Common Stock or \$50.74 million, 2,157,686 Common Stock warrants or \$9.04 million and 55,907 Common Stock options outstanding on the date of the Merger with a fair value of \$139 thousand. In addition at the time of the Merger, existing StemoniX shareholders received an additional 804,711 incremental shares due to the conversion ratio agreed to in the Merger Agreement.

Vyant Bio is an innovative biotechnology company rapidly identifying small and large molecule therapeutics to treat central nervous system (CNS) and oncology-related diseases. With leading-edge capabilities in data science, biological and chemical sciences, engineering, and regulatory affairs, Vyant Bio capitalizes on *in silico*, human cell-derived *in vitro* disease models, and *in vivo* discovery technologies to identify novel biological targets and valuable therapeutics for patients. The Company is focused on partnering with pharmaceutical and biotechnology companies by integrating of human-derived biology with data science technologies and Investigational New Drug (“IND”) expertise. The Company’s management believes that the drug discovery sector is rapidly transforming as the widely used models for predicting safe and effective drugs have under-performed, as evidenced by the time and cost of bringing novel drugs to market. As a result, Vyant Bio is focusing its business on leveraging advanced machine learning technologies, large data sets, and human biological screening technologies to bring together an impactful approach to drug discovery with new technologies and a multi-disciplinary approach.

Vyant Bio has two wholly owned operating subsidiaries – StemoniX, Inc. (“StemoniX”) and *vivoPharm* Pty Ltd (“*vivoPharm*”). StemoniX develops and manufactures high-density, at-scale human induced pluripotent stem cell (“iPSC”) derived neural and cardiac screening platforms for drug discovery and development. *vivoPharm* has an extensive set of anti-tumor referenced data based on predictive xenograft and syngeneic tumor models to provide discovery services such as contract research services, focused primarily on unique specialized studies to guide drug discovery. *vivoPharm* also specializes in planning and conducting unique, specialized studies to guide drug discovery and development programs with a concentration in oncology and immuno-oncology. These studies range from early compound selection to developing comprehensive sets of *in vitro* and *in vivo* data, as needed for U.S. Food and Drug Administration (“FDA”) Investigational New Drug (“IND”) applications. By combining the two companies, Vyant intends to build on the historic businesses and empower the discovery of new medicines and biomarkers through the convergence of its novel human biology and software technologies.

## Drug Discovery

Vyant Bio is focused on discovering therapeutic assets through its scientific teams' use of innovative technologies and then licensing or collaborating with pharmaceutical and biotechnology companies for the further clinical development of such assets. While the Company has developed expertise in neurology, cardiology, oncology and diseases related to the pancreas, we are first focused on working in rare neurological diseases and oncology. The Company's most mature asset discovery program is in the treatment of Rett Syndrome, in which the Company is investigating the identification of novel biological targets and compounds. Also, furthered by the long history of scientific excellence of our lead scientists, the Company is working to discover therapies to treat CDKL5 disease, a neuro developmental disease found in infants.

In addition, the Company has commercialized the development, engineering and manufacturing of disease models, built on iPSC derived neural screening platforms, which are used to screen identified compounds and design proteins from sophisticated machine learning systems. The Company's current list of disease models are at commercial stage, and the Company is focused on licensing tailored disease models to, or otherwise partnering with drug developers from around the world. The most mature disease models are being used to find novel biological targets and therapeutic candidates in the central nervous system, driven by a focus on Rett Syndrome and CDKL5 disorders. We have also made significant progress in the development of mid-brain dopaminergic neuro-transmitters to progress our discovery efforts in Parkinson's disease. With the addition of the *vivoPharm* cancer cell-line assets and scientific expertise in oncology, the Company believes it can also advance models targeting Glioblastoma.

While the revenues from our services with, and sales of, disease models represent an important component of our business, our long-term strategy is to discover novel therapeutic agents for subsequent monetization and build and monetize disease models. Our human-derived models combined with the latest data science and software techniques can identify and rank order novel compounds by biological target. In our current drug discovery efforts, we aim to leverage our iPSC technology to identify drug candidates for licensure or clinical development. We intend to collaborate with leading pharma partners by pooling our expertise in iPSC biology and screening analytics with their medicinal chemistry capabilities. Our goal is to pursue partnered and wholly-owned drug discovery projects that yield high value assets. Currently, our plan is to enter into license or other collaboration arrangements with others for the development of drug candidates beyond identification and initial preclinical testing.

The Company is currently in active discussions with possible licensing partners to offer exclusive access to certain disease models, and expects to enter into license agreements for access to novel therapies. The Company is striving to receive a mixture of upfront payments, licensing fees, milestone-based fees and ongoing royalty payments. There is no assurance that we will be able to enter into these relationships.

## Discovery Services

Our discovery service business is based on demand for preclinical and discovery services from biotechnology and pharmaceutical companies, academia and the research community. Biotechnology and pharmaceutical companies engaged in designing and running clinical trials to determine the safety and effectiveness of treatments and therapeutics benefit from our services. In particular, our preclinical development of biomarker detection methods, response to immuno-oncology directed novel treatments and early prediction of clinical outcome is supported by our extended portfolio of orthotopic, xenografts and syngeneic tumor test systems as a specialized service offering in the immuno-oncology space, and disease model platforms used to identify promising therapeutics for oncology, cardiology and pancreatic diseases.

In our StemoniX discovery services business, we collaborate with pharmaceutical companies to create novel iPSC-based microOrgan drug testing screens using disease models based on our pharmaceutical company partners' specifications. In addition, we perform Discovery as a Service ("DaaS") on behalf of our customers. In our disease model effort, we create novel disease models according to our partner's specifications, then either sell microOrgan disease specific or wild-type (non-disease specific) plates to them, use them for our own internal development or sell them to other partner(s) (depending on if exclusivity was acquired by the original partner).

We develop and manufacture high throughput (384 well), high-density human induced pluripotent stem cell (iPSC) derived neural, cardiac and pancreatic screening platforms for use in drug discovery and development. Engineered from human skin and blood cells, iPSCs are made with in-licensed patented processes discovered by 2012 Nobel Prize recipient Dr. Shinya Yamanaka. Our iPSC innovations are made from living human cells and have organ-like, or organoid, characteristics; we refer to them as microOrgans<sup>®</sup>. We have industrialized these microOrgans<sup>®</sup> into standard off-the-shelf multi-well plate labware formats that are sufficiently robust and reproducible to enable drug screening and drug candidate selection.

We combine our microOrgan platform with software analytics and augmented intelligence, which we refer to as AnalytiX<sup>™</sup>. Our integrated approach provides a compelling value proposition to internal drug discovery and support for pharmaceutical companies and other entities. Prior to human clinical studies, we enable standardized, high-throughput screening of drug candidates on complex human organoids on our microOrgan screens, helping to avoid the inadequacies of testing in clonal cell lines or rodents. We and our customers and collaborators believe that our technologies benefit drug discovery in human disease areas that are difficult to address using current methodologies, accelerate preclinical drug discovery and development, reduce risk of clinical failure, predict with greater degrees of confidence and ultimately, reduce the cost of discovering new therapeutic agents.

In our *vivoPharm* preclinical services business, we have developed industry recognized capabilities in early phase development and discovery, especially in immuno-oncology models, tumor micro-environment studies, and specialized pharmacology services that support basic discovery, preclinical and phase 1 clinical trials. *vivoPharm*'s studies have been utilized to support over 250 IND submissions to date across a range of therapeutic indications, including lymphomas, leukemia, GI-cancers, liver cancer, pancreatic cancer, non-small cell lung cancer, and other non-cancer rare diseases. *vivoPharm* is presently serving over 50 biotechnology and pharmaceutical companies across four continents in over 100 studies and trials with highly specialized development, clinical and preclinical research. Over the past 17 years, *vivoPharm* has also generated an extensive library of human xenograft and syngeneic tumor models, including subcutaneous, orthotopic and metastatic models. *vivoPharm* offers its analytic services in small and bio-molecules.

*vivoPharm*'s preclinical services, including predictive tumor models, human orthotopic xenografts and syngeneic immuno-oncology relevant tumor models are offered from its Hershey, PA facility. This service is supplemented with GLP toxicology and extended bioanalytical services in the Company's Australian-based facilities in Clayton, Victoria, and Gilles Plains, South Australia.



The Company's approach is to focus on developing innovative new drug discoveries in partnership with pharmaceutical and biotechnology companies and academic and governmental research facilities. The Company's current discovery services include preclinical anti-tumor efficacy, GLP compliant toxicity studies and small and bio-molecule analytical services, and the Company provides the tools and testing methods for companies and researchers seeking to identify and to develop new compounds and molecular-based biomarkers for diagnostics and therapeutics. Through the Merger, the Company will be able to extend its capabilities to include standardized, high-throughput screening of drug candidates on complex human organoids prior to human clinical studies, to de-risk translational decision making and potentially accelerate the time it takes to identify both novel and repurposed compounds and bring relevant data to investigational new drug applications before regulatory agencies around the globe. By combining StemoniX's microOrgan platform with software analytics and augmented intelligence, referred to as AnalytiX, StemoniX's integrated approach provides a compelling value proposition to pharmaceutical companies and for the combined companies own discovery programs.

The Company continues to leverage *vivoPharm's* international presence to access global market opportunities. *vivoPharm's* headquarters in Australia specializes in safety and toxicology studies, including mammalian, genetic and *in vitro*, along with bioanalytical services including immune-analytical capabilities. The Company operates from multiple locations in Victoria and South Australia. *vivoPharm's* U.S.-based laboratory, located at the Hershey Center for Applied Research in Hershey, Pennsylvania, primarily focuses on screening and efficacy testing for a wide range of pharmaceutical and chemical products. The third location, in Munich, Germany, hosts project management and business development personnel.

StemoniX develops and manufactures human induced pluripotent stem cell (iPSC) based neural, cardiac and pancreatic screening platforms for drug discovery and development. Engineered from human skin and blood cells, iPSCs are made with in-licensed patented processes discovered by 2012 Nobel Prize recipient Dr. Shinya Yamanaka. StemoniX's iPSC innovations are made from living human cells and have organ-like, or organoid, characteristics; referred to as microOrgans®. StemoniX has industrialized these microOrgans into standard multi-well plate formats that are sufficiently robust and reproducible to enable drug screening and optimization activities.

StemoniX combines its microOrgan platform with software analytics and augmented intelligence, referred to as AnalytiX™. StemoniX's integrated approach enables standardized, high-throughput screening of drug candidates on complex human organoids prior to human clinical studies, mitigating or in some cases avoiding the inadequacies of testing in clonal cell lines or rodents. StemoniX and its customers and collaborators believe that StemoniX's technologies will permit drug discovery in human disease areas that are difficult to address using current methodologies, accelerate preclinical drug discovery and development, reduce risk of clinical failure, predict with greater degrees of confidence and ultimately, reduce the cost of discovering new therapeutic agents.

StemoniX's business model combines both collaborations with integrated pharmaceutical companies on the derivation and subsequent supply of iPSC-based disease models and screens, and internal drug discovery efforts to identify drug candidates for licensure or clinical development. In StemoniX's disease model effort, StemoniX creates novel models per the specifications of its partners, then either sells microOrgan plates to them or performs Discovery as a Service ("DaaS") on their behalf in its facilities. StemoniX strives to receive a mixture of upfront payments, licensing fees, milestone-based fees, and ongoing royalty payments in addition to any charges for microOrgan plates and services. While the revenue from StemoniX's disease model and screening activities represents an important component of its business, StemoniX's long-term strategy is to leverage its iPSC technology to pursue partnered and wholly-owned drug discovery projects that yield higher value assets.

StemoniX was incorporated in 2014 in Minnesota with headquarters in Maple Grove, Minnesota, and a research and development team located in La Jolla, California. StemoniX focuses on new iPSC differential protocols, plating procedures, and expansion techniques. StemoniX's Maple Grove manufacturing facility focuses on the growth, differentiation, plating, and shipping of its microOrgan platforms in a highly standardized and rigorous process. The Maple Grove facility includes clean-room and biohazard safe environments to house its incubators, biological safety cabinets, liquid handling machines, refrigerators, and office space. Both facilities also have diagnostic equipment for quality control and assurance. The majority of StemoniX's DaaS revenues are generated from its Maple Grove facility.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. Many of the Company’s customers worldwide were impacted by COVID-19 and temporarily closed their facilities which impacted revenues in the first half of 2020 for StemoniX. Revenues were not significantly impacted in the first half of 2020 for the vivoPharm business as signed contracts were already in place. Revenues at vivoPharm began to slow in the second half of 2020 as fewer contracts were signed due to COVID 19 and the studies related to contracts signed pre COVID-19 were completed. As described in Note 2, the vivoPharm operations are included in these consolidated financial statements effective March 30, 2021 and prior-period results do not include the vivoPharm operations. While the impact of the pandemic on our business has lessened, the global outbreak of COVID-19 continues with new variants and is impacting the way we operate our business as well as in certain circumstances limiting the availability of lab supplies. The extent to which the COVID-19 pandemic may impact the Company’s future business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

The Company is actively monitoring the impact of the COVID-19 pandemic on its business, results of operations and financial condition. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company’s business, results of operations and financial condition in the future is unknown at this time and will depend on future developments that are highly unpredictable.

### **Revenues**

The Company’s revenues sources are microOrgan® plate product sales, the performance of preclinical drug testing services using our microOrgan technology, referred to as Discovery as a Service, or DaaS, and effective with the Merger, revenues include preclinical oncology and immuno-oncology services offered to its biotechnology and pharmaceutical customers.

During the three and six months ended June 30, 2021, approximately 22% and 20%, respectively, of the Company’s consolidated revenue was earned outside of the United States. Substantially all revenues in 2020 were earned within the United States.

During the three and six months ended June 30, 2021, four customers accounted for approximately 64% and 58%, respectively, of the consolidated revenues. During the three and six months ended June 30, 2020 one and three customers, respectively, accounted for approximately 11% and 46% of the respective consolidated revenues.

### **Cost of Goods**

The Company separately reports cost of goods for product sales and service revenues. Product revenue costs include labor and product costs such as labware, plates and reagents required to develop iPSC’s into microOrgans as well as overhead, facility and equipment costs at the Company’s Maple Grove, Minnesota facility. This facility was designed for long-term growth and includes automation equipment for high-throughput manufacturing. As the facility is designed to accommodate the Company’s long-term growth, it is currently operating at less than 25% of capacity, and will continue to for the foreseeable future.

Cost of goods for service revenues includes internal labor, materials and allocated overhead costs to perform services for DaaS projects. Effective with the Merger, service revenue costs also include laboratory consumables, shipping costs, and other direct expenses, such as specimen procurement and third-party validation studies.

### **Operating Expenses**

The Company classifies its operating expenses into three categories: research and development, selling, general and administrative as well as merger related costs. Operating expenses principally consist of personnel costs, including non-cash stock-based compensation, outside services, laboratory consumables, rent, overhead, development costs, and marketing program costs, legal and accounting fees.

Research and Development Expenses. Research and development expenses reflect the personnel related expenses, overhead and lab consumable costs to develop its microOrgan technology at its La Jolla, California facility as well as development activities undertaken at the Maple Grove, Minnesota facility. The Company intends to accelerate its development of disease-specific microOrgan models and supporting analytical tools to further its drug development strategy.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist principally of personnel-related expenses, professional fees, such as legal, accounting, occupancy costs and other general expenses as well as personnel and related overhead costs for its business development team and related support personnel, travel and entertainment expenses, other selling costs and trade shows. The Company repositioned its sales and marketing initiatives in early 2020 to a business development model for DaaS and the monetization of its drug development strategy as compared with its historical strategy of direct sales. Effective with the Merger, selling, general and administrative expenses increased significantly as the Company incurs incremental professional service, insurance, human capital and other costs to operate as a public company.

Merger Related Costs. Merger related costs are direct professional service costs incurred by the Company in connection with the Merger.

## Results of Operations

### Operating results: Comparison for the three and six months ended June 30, 2021 and 2020

#### Revenues

##### Three and Six Months Ended June 30, 2021 and 2020

	Three months ended June 30		Dollar Change	% Change	Six months ended June 30		Dollar Change	% Change
	2021	2020			2021	2020		
	Revenues							
Service	\$ 1,831	\$ 40	\$ 1,791	4,478%	\$ 1,947	\$ 176	\$ 1,771	1,006%
Product	116	59	57	97%	222	91	131	144%
Total revenues	<u>\$ 1,947</u>	<u>\$ 99</u>	<u>\$ 1,848</u>	1,867%	<u>\$ 2,169</u>	<u>\$ 267</u>	<u>\$ 1,902</u>	712%

Total revenues increased 1,867% and 712% to \$1.9 million and \$2.2 million, respectively, for the three and six months ended June 30, 2021, as compared with \$99 thousand and \$267 thousand for the respective prior-year periods. The increase in service revenues was primarily from post-Merger vivoPharm service revenue. During the three and six months ended June 30, 2021 as compared with the respective prior-year periods, we realized an increase in product revenues of 97% and 144%, or \$57 thousand and \$131 thousand, respectively, primarily due to increased sales volume.

#### Cost of Goods

Cost of Goods were as follows:

	Three months ended June 30		Dollar Change	% Change	Six months ended June 30		Dollar Change	% Change
	2021	2020			2021	2020		
	Cost of goods sold - service	\$ 1,027			\$ 38	\$ 989		
Cost of goods sold - product	345	147	198	135	741	313	428	137

Cost of goods sold – service aggregated \$1.0 million and \$1.1 million, respectively, for the three and six months ended June 30, 2021, resulting in a cost of goods sold of 56% and 57%, respectively, of service revenues. Cost of goods sold – service aggregated \$38 thousand and \$170, thousand, respectively, for the three and six months ended June 30, 2020, resulting in a cost of goods sold of 95% and 97%, respectively, of service revenues. The 2021 periods were impacted by incremental post-Merger commercial activity from the vivoPharm business. The 2020 periods were impacted by two negative margin service contracts.

Cost of goods sold – product aggregated \$345 thousand and \$741 thousand, respectively, for the three and six months ended June 30, 2021, as compared with \$147 thousand and \$313 thousand, respectively, for the corresponding prior-periods in 2020. Cost of goods sold – product exceeded revenues in all periods as a result of excess capacity in our Maple Grove facility.

## Operating Expenses

Operating expenses were as follows:

	Three months ended June 30		Dollar Change	% Change	Six months ended June 30		Dollar Change	% Change
	2021	2020			2021	2020		
Operating expenses								
Research and development	\$ 910	\$ 593	\$ 317	53%	\$ 1,730	\$ 1,602	\$ 128	8%
Selling, general and administrative	3,664	408	3,256	798	4,880	1,241	3,639	293
Merger related costs	165	-	165	N/A	2,310	-	2,310	N/A

Research and development expenses were \$910 thousand and \$1.7 million for the three and six months ended June 30, 2021 as compared with \$593 thousand and \$1.6 million for the comparable prior-year periods. This increase is principally due to an increase in head count costs as the second quarter of 2020 reflected a \$277 thousand benefit from the reimbursement of research and development expenses from the Company's PPP loan.

Selling, general and administrative expenses were \$3.7 million and \$4.9 million for the three and six months ended June 30, 2021 as compared with \$408 thousand and \$1.2 million for the comparable prior-year periods. The increase in selling, general and administrative expenses for the 2021 periods was primarily from post-Merger public company costs of \$2.1 million including payroll costs of \$482 thousand, professional fees of \$550 thousand and insurance costs of \$393 thousand.

Merger related costs for the three- and six-month periods ended June 30, 2021 were \$165 thousand and \$2.3 million, respectively. These professional service-related costs and investment banker fees were incurred related to the Merger.

	Three months ended June 30		Dollar Change	% Change	Six months ended June 30		Dollar Change	% Change
	2021	2020			2021	2020		
Other (expense) income:								
Change in fair value of warrant liability	\$ -	\$ -	\$ -	-%	\$ 214	\$ -	\$ 214	N/A
Change in fair value of share settlement obligation derivative	-	(211)	211	(100)	(250)	(211)	(39)	18
Loss on debt conversion	-	-	-	-	(2,518)	-	(2,518)	N/A
Other income (expense)	(25)	1	(26)	(2,600)	(25)	1	(26)	(2,600)
Interest income	3	-	3	N/A	3	-	3	N/A
Interest expense	-	(36)	36	(100)	(368)	(37)	(331)	895
Total other (expense) income	<u>\$ (22)</u>	<u>\$ (246)</u>	<u>\$ 224</u>	<u>(91)%</u>	<u>\$ (2,944)</u>	<u>\$ (247)</u>	<u>\$ (2,697)</u>	<u>1,092%</u>

Total other expense for the six months ended June 30, 2021 and 2020 were \$2.9 million and \$247 thousand, respectively. The 2021 period included a \$250 thousand mark-to-market loss for an embedded compound derivative from the 2020 Convertible Notes, \$2.5 million loss on the conversion of these notes to equity upon the closing of the Merger, a \$214 thousand mark to market warrant liability gain, and interest expense of \$368 thousand primarily related to the 2020 Convertible Notes. Total other expense for the three and six months ended June 30, 2020 included a \$211 thousand mark-to-market loss for an embedded compound derivative from the 2020 Convertible Notes.

### **Liquidity and Capital Resources**

The Company's operating activities have been primarily funded with proceeds from the sale of convertible notes and preferred stock securities. Prior to the Merger, CGI's primary pre-merger sources of liquidity have been cash collections from its customers and funds generated from debt and equity financings. The Company expects to continue generating additional cash from its customers in the future. The primary uses of the Company's liquidity have been cash used to fund the Company's operations, as detailed in the cash flows section below. The Company believes that its cash at June 30, 2021 is sufficient to meet estimated working capital requirements and fund planned operations into 2023.

The Company expects to continue to incur operating losses in the future, as the costs of being public have significant effect on losses that keep the Company from being profitable and as the Company furthers its drug discovery efforts. The Company expects losses to continue, only to the extent that the business does not outpace the public company-related expenses, such as legal and audit fees and director's and officer's liability insurance, and drug discovery costs are not offset by non-dilutive funding such as revenues from licensing or other collaborations. These losses have had, and will continue to have, an adverse effect on the Company's working capital, total assets and stockholders' equity. Because of the numerous risks and uncertainties associated with its revenue growth and costs associated with being a public company and drug discovery company, the Company is unable to predict when it will become profitable, and it may never become profitable. Even if the Company does achieve profitability, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company's inability to achieve and then maintain profitability would negatively affect its business, financial condition, results of operations and cash flows.

During the next twelve months, we may take further steps to raise additional capital to meet our long-term liquidity needs including, but not limited to, one or more of the following: the licensing of drug candidates with existing or new collaborative partners, possible business combinations, issuance of debt, or the issuance of common stock or other securities via private placements or public offerings. Although we have been successful in raising capital in the past, there can be no assurance that additional financing will be available on acceptable terms, if at all, and our negotiating position in capital raising efforts may worsen as existing resources are used. There is also no assurance that we will be able to enter into further collaborative relationships. Additional equity financings may be dilutive to our stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict our ability to operate as a business; and licensing or strategic collaborations may result in royalties or other terms which reduce our economic potential from products under development. If we are unable to raise the funds necessary to meet our long-term liquidity needs, we may have to delay or discontinue the development of one or more discovery programs, license out programs earlier than expected, raise funds at a significant discount or on other unfavorable terms, if at all, or sell all or a part of our business.

The Company's forecast of the period of time through which its current financial resources will be adequate to support its operations and its expected operating expenses are forward-looking statements and involve risks and uncertainties. Actual results could vary materially and negatively as a result of a number of factors, including:

- the expected benefits of, and potential value, including synergies, created by, the Merger for the stockholders of the Company;
- the Company's ability to adapt its business for future developments in light of the global outbreak of COVID-19, which continues to rapidly evolve;
- the Company's ability to internally identify and develop new iPSC disease models, drug candidates and intellectual property;
- the Company's ability to negotiate strategic partnerships, where appropriate, for technology and research data, iPSC and human primary cell-based disease models or drug candidates;
- the Company's need for significant additional capital and the Company's ability to satisfy its capital needs;
- the Company's ability to complete required clinical trials of its products and obtain approval from the FDA or other regulatory agencies in different jurisdictions;
- the Company's ability to execute on its marketing and sales strategy for its preclinical research services and gain acceptance of its services in the market;
- the Company's ability to keep pace with rapidly advancing market and scientific developments;
- the Company's ability to satisfy U.S. (including FDA) and international regulatory requirements with respect to its services;
- the Company's ability to maintain its present customer base and obtain new customers;
- the Company's ability to secure clinical co-development partnerships with pharmaceutical and biotechnology companies;
- the Company's ability to maintain the Company's clinical and research collaborations and enter into new collaboration agreements with highly regarded organizations so that, among other things, the Company has access to thought leaders in advanced preclinical and translational science;
- potential product liability or intellectual property infringement claims;
- the Company's ability to maintain or protect the validity of its patents and other intellectual property;
- the Company's dependency on third-party manufacturers to supply it with instruments and specialized supplies;
- the Company's ability to attract and retain a sufficient number of scientists, clinicians, sales personnel and other key personnel with extensive relevant experience, who are in short supply;
- the Company's ability to effectively manage its international businesses in Australia and Europe, including the expansion of its customer base and volume of new contracts in these markets;
- the Company's dependency on the intellectual property licensed to the Company or possessed by third parties; and
- the Company's ability to adequately support future growth.

#### *Cash Flows from Operations*

Net cash flow from operating, investing and financing activities for the periods below were as follows (in thousands):

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash used in operating activities	\$ (10,670)	\$ (2,037)
Net cash provided by investing activities	29,643	17
Net cash provided by financing activities	6,720	1,715
Net increase (decrease) in cash and cash equivalents	<u>\$ 25,693</u>	<u>\$ (305)</u>

The Company had cash and cash equivalents of \$26.5 million and \$10 thousand as of June 30, 2021 and 2020, respectively.

#### *Cash Used in Operating Activities*

Net cash used in operating activities was \$10.7 million for the six months ending June 30, 2021, consisting of a net loss of \$11.6 million, increased for net non-cash adjustments of \$4.2 million and additional cash used for operating assets and liabilities of \$3.3 million. The non-cash adjustments include a loss from conversion of debt in the amount of \$2.5 million. In operating assets and liabilities, net cash used included a \$1.2 million reduction in accounts payable and accrued expenses due to Merger related costs being paid in the first quarter. The net loss for the six months ended June 30, 2021 includes \$2.3 million of Merger related costs. Net cash used in operating activities was \$2.0 million for the six months ending June 30, 2020, consisting of a net loss of \$3.3 million, increased for net non-cash adjustments of \$268 thousand, which includes a reduction of \$649 thousand in operating expenses from the PPP loan, the \$730 thousand funding of the Company's PPP loan, and additional capital provided by working capital of \$518 thousand, primarily from the timing of accounts payable,

*Cash Provided by Investing*

Net cash provided by investing activities was \$29.6 million for the six months ended June 30, 2021, principally from CGI cash balances at the close of the Merger offset by \$520 thousand of equipment purchases. Investing activity cash flows were not significant for the six months ended June 30, 2020.

*Cash Provided by Financing Activities*

Net cash provided by financing activities was \$6.7 million for the six months ending June 30, 2021 due to \$5.0 from the issuance of 2020 Convertible Notes and \$1.8 million from the issuance of Series Preferred C shares. The net cash provided by financing activities of \$1.7 million for the six months ending June 30, 2020 was principally from the issuance of Series Preferred B shares.

## Off-Balance Sheet Arrangements

Since inception, the Company has not engaged in any off-balance sheet activities as defined in Item 303(a)(4) of Regulation S-K.

## Critical Accounting Policies and Significant Judgment and Estimates

The Company's management's discussion and analysis of financial condition and results of operations is based on its financial statements and condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates based on historical experience and makes various assumptions, which management believes to be reasonable under the circumstances, and which form the basis for judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 3 to our June 30, 2021 and 2020 consolidated financial statements appearing elsewhere herein, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

*Revenue recognition.* Prior to the Merger, the Company's primary sources of revenue are product sales from the sale of microOrgan® plates and the performance of preclinical drug testing services using the microOrgan technology. Subsequent to the merger, the Company's revenues include vivoPharm's discovery services, consisting primarily of contract research services focused primarily on unique specialized studies to guide drug discovery. The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and transfers control of the product to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a product to a customer, which is generally upon shipment as the customer has the ability to direct the use and obtain the benefit of the product.

For product contracts, revenue is recognized at a point-in-time upon delivery to the customer. Product contracts with customers generally state the terms of the sale, including the quantity and price of each product purchased. Payment terms and conditions may vary by contract, although terms generally include a requirement of payment within a range of 30 to 90 days after the performance obligation has been satisfied. As a result, the contracts do not include a significant financing component. In addition, contracts typically do not contain variable consideration as the contracts include stated prices. The Company provides assurance-type warranties on all of its products, which are not separate performance obligations.



For service contracts, revenue is recognized over time and is generally defined pursuant to an enforceable right to payment for performance completed on service projects for which the Company's has no alternative use as customer furnished compounds are added to Company plates for testing. The Company does not obtain control of the customer furnished compounds as the Company does not have the ability to direct the use. Revenue is measured by the costs incurred to date relative to the estimated total direct costs to fulfill each contract (cost-to-cost method). Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, materials and overhead.

Some contracts offer price discounts after a specified volume has been purchased. The Company evaluates these options to determine whether they provide a material right to the customer, representing a separate performance obligation. If the option provides a material right to the customer, revenue is allocated to these rights and deferred; subsequently the revenue is recognized when those future goods or services are transferred, or when the option expires.

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. Contract liabilities consist of fees invoiced or paid by Vyant's customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on Vyant's revenue recognition criteria described above.

*Derivative Instruments.* The Company recognizes all derivative instruments as either assets or liabilities in the consolidated balance sheets at their respective fair values. The Company evaluates its debt and equity issuances to determine if those contracts or embedded components of those contracts qualify as derivatives requiring separate recognition in its financial statements. The result of this accounting treatment is that the fair value of embedded derivatives is revalued as of each reporting date and recorded as a liability, and the change in fair value during the reporting period is recorded in other income (expense) in the statements of operations. In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Derivative instrument liabilities are classified in the consolidated balance sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within twelve months of the balance sheet date.

The 2020 Convertible Notes contain a share settled redemption feature that requires conversion at the lesser of specified discounts from qualified financing price per share or the fair value of the common stock at the time of conversion. The discount changes based on the passage of time between issuance of the convertible note and the conversion event. This feature is considered a derivative that requires bifurcation because it provide a specified premium to the holder of the note upon conversion. We measured the share-settlement derivative obligation at fair value based on significant inputs that are not observable in the market and require significant judgement. This instrument was settled upon the close of the Merger.

The Company issued a warrant during first quarter of 2021 that contained an indexation feature not indexed to the Company's stock resulting in this warrant to be accounted for as a derivative. As a result, this warrant was accounted for as a liability and marked to market from its issuance date in February 2021 through the Merger date, at which time the warrant's indexation features were finalized.

*Business Combinations:* Accounting for acquisitions requires extensive use of estimates and judgment to measure the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed. Additionally, we must determine whether an acquired entity is considered a business or a set of net assets because the excess of the purchase price over the fair value of net assets acquired can only be recognized as goodwill in a business combination. We accounted for the Merger with CGI as a business combination under the acquisition method of accounting. Consideration transferred to acquire CGI was measured at fair value and included the exchange of CGI's common stock, and assumption of CGI stock options and warrants. We allocated the purchase price to the acquired tangible and intangible assets and assumed liabilities of CGI based on their estimated fair values as of the acquisition date. The allocation of the preliminary purchase price resulted in recognition of intangible assets related to tradename, customer relationships and goodwill. The preliminary purchase price allocation includes a number of provisional estimates including income taxes, intangible assets, the vivoPharm cell bank, deferred revenue and discontinued operations liabilities. The preliminary fair value of the identifiable intangible assets of customer relationships and the tradename is based on detailed valuations using information and assumptions, developing an appropriate discount rate and estimating future cash flows. As the purchase price allocation has not been finalized, there may be adjustments to the assigned values of acquired assets and liabilities that may give rise to material increases or decreases in the amounts of depreciation and amortization expense.

### ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

### ITEM 4: CONTROLS AND PROCEDURES

#### *Evaluation of Disclosure Controls and Procedures*

The Company evaluated, under the supervision and with the participation of the principal executive officer and principal financial officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), as of June 30, 2021, the end of the period covered by this report on Form 10-Q. Based on this evaluation, the Company's President and Chief Executive Officer (principal executive officer) and its Chief Financial Officer (principal financial officer) have concluded that its disclosure controls and procedures were not effective at the reasonable assurance level at June 30, 2021 because of the material weakness in the Company's internal control over financial reporting related to the accounting for potential impairment of intangible assets that existed at December 31, 2020 that has not been remediated by the end of the period covered by this Quarterly Report on Form 10-Q.

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

#### *Changes in Internal Control over Financial Reporting*

Other than changes related to the remediation activities discussed below, there were no changes in the Company's internal control over financial reporting during the six months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### *Material Weakness in Internal Control over Financial Reporting*

Subsequent to the evaluation made in connection with the filing of the Cancer Genetics, Inc. (the acquired company for accounting purposes ) annual report on Form 10-K for the year ended December 31, 2020, management has begun the process of remediation of the material weakness included in the 10-K filing of Cancer Genetics, Inc. (the acquired company for accounting). The remediation plan includes the hiring of an experienced chief financial officer at the close of the Merger effective March 30, 2021, the development of a financial model to forecast cash flows supporting our assessment of indicators of intangible asset impairment, the establishment of a disclosure committee to review key inputs into the preparation of the Company's periodic reporting, benchmarking of key financial assumptions with external market data and the addition of a full-time financial planning and analysis professional to prepare this analysis. Management is committed to remediating the material weakness by changing its internal control over financial reporting.

The Company believes these actions will be sufficient to remediate the identified material weakness and to enhance its internal control over financial reporting. However, the new enhanced controls are not fully implemented as of June 30, 2021 or have not operated long enough to conclude at the time of this filing that the material weakness was remediated. The Company expects these deficiencies to be corrected by the end of 2021.

## **PART II – OTHER INFORMATION**

### **ITEM 1: LEGAL PROCEEDINGS**

On November 13, 2020, a purported stockholder of the Company filed a complaint against Cancer Genetics, Inc. (“CGI”), the chief executive officer of CGI and the directors of CGI in the United States District Court for the Southern District of New York, entitled, Scott Sawin v. Cancer Genetics, Inc. et al. The complaint (the “Sawin Complaint”) alleged that CGI’s Registration Statement on Form S-4, as filed with the SEC on October 16, 2020 related to the merger (the “Merger”) of CGI and StemoniX, Inc. (the “Prior Registration Statement”), omitted to disclose certain material information allegedly necessary to make statements made in the Prior Registration Statement not misleading and/or false, in violation of Section 14(a) and Section 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 14a-9 promulgated thereunder, and alleged breach of fiduciary duty of candor/disclosure. The complaint sought injunctive relief, enjoining the Merger until the defendants to the applicable lawsuit disclose the alleged omitted material information, and costs, among other remedies. Subsequently, eight other complaints were filed against CGI and the directors of CGI in the United States District Court for the Southern District of New York, the United States District Court for the District of Delaware, and the United States District Court for the District of New Jersey alleging facts and seeking relief substantially similar to the Sawin Complaint.

On April 27, 2021, the Sawin Complaint was voluntarily dismissed, and seven of the other eight complaints have also been voluntarily dismissed or dismissed by the court for lack of prosecution. One complaint remains pending, although the Company has not been served in that case and the Court has indicated that the case will be dismissed for lack of prosecution on or about August 18, 2021, absent the filing of a letter satisfactorily explaining the failure to effect timely service on the defendants.

In November 2020 *vivoPharm Pty Ltd* received a letter from counsel for a customer of *vivoPharm* alleging entitlement to a refund of prepayments made under a master services agreement in the sum of approximately \$164 thousand. Counsel for *vivoPharm* responded and denied any liability. In February 2021 counsel for the customer repeated its claim, and stated its intent to commence litigation if the matter were not resolved. Counsel for *vivoPharm* responded by repeating its denial of any liability but offering to pay \$60 thousand to resolve the matter. No litigation has been commenced to date. The Company has fully accrued for this claim in accrued expense as of June 30, 2021.

### **ITEM 1A: RISK FACTORS**

In our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, filed with the SEC on May 17, 2021, we identify under “Part 2, Item 1A. Risk Factors.” important factors which could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Quarterly Report on Form 10-Q.

There have been no material changes in our risk factors subsequent to the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.

### **ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3: DEFAULTS UPON SENIOR SECURITIES**

None noted.

#### ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

#### ITEM 5: OTHER INFORMATION

None.

#### ITEM 6: EXHIBITS

Exhibit No.	Description
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a).</a>
31.2*	<a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a).</a>
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b).</a>
32.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b).</a>
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith.

\*\* Furnished, not filed.

# Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC.

† Indicates a management contract or compensation plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on August 16, 2021.

Date: August 16, 2021

VYANT BIO, INC.

By: /s/ John A. Roberts

John A. Roberts  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Andrew D. C. LaFrence

Andrew D. C. LaFrence  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vyant Bio, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 16, 2021

*/s/ John A. Roberts*

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John A. Roberts  
President and Chief Executive Officer  
*(Principal Executive Officer)*

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CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew D. C. LaFrence, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vyant Bio, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 16, 2021

*/s/ Andrew D. C. LaFrence*

Andrew D. C. LaFrence

Chief Financial Officer

*(Principal Financial and Accounting Officer)*

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Vyant Bio, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John A. Roberts, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

*/s/ John A. Roberts*

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John A. Roberts  
President and Chief Executive Officer  
*(Principal Executive Officer)*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Vyant Bio, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew D. C. LaFrence, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

*/s/ Andrew D. C. LaFrence*

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Andrew D. C. LaFrence  
Chief Financial Officer

*(Principal Financial and Accounting Officer)*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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