



*The English text is an unofficial translation of the Swedish report.*

## Half year 2020

### NeoNavia ready for market

#### Second quarter 2020

- There were no sales during the period. Revenue amounted to SEK 6.263 m (6.328 m) including capitalized costs of SEK 5.787 m (6.328 m).
- Loss after tax amounted to SEK -5.516 m (-3.981 m).
- Loss per share amounted to SEK -0.18 (-0,26).

#### Half-year 2020

- There were no sales during the period. Revenue amounted to SEK 12.531 m (11.748 m), whereof capitalized costs SEK 12.090 m (11.745 m).
- Costs for product development was higher than expected.
- Loss after tax amounted to SEK -12.751 m (-8.115 m).
- Loss per share amounted to SEK -0.53 (-0.53).
- Equity per share was SEK 2.68 (4.34).
- Equity ratio was 94 (91) per cent.

#### Significant events during the second quarter

- The Board decided to convert all convertible debt to shares.
- After the rights issue in January and conversion in April, the share capital after registration is SEK 344,561.20 divided into 33,445,612 shares.
- A directed share issue raised SEK 7.684 m that will be paid in during the third quarter.
- The Annual General Meeting re-elected Ingrid Salén, Ulf Boberg, Carina Bolin, Claes Pettersson and Xiaojun Xu as Board members and elected Jie Bao as a new Board member.

#### Significant events after the period

- For several years, the company has been collaborating with leading breast cancer clinics in Germany to support the introduction of NeoNavia and thus pave the way for a successful market introduction in Europe. The first hospitals to confirm their status as reference hospitals for NeoNavia are AGAPLESION Markus Krankenhaus in Frankfurt and Frauenklinik r.d. Isar, der TU in Munich.
- Patient recruitment for the UK COMPULSE study resumed following a temporary hiatus due to the covid-19 pandemic. The study compares NeoNavia with current standard ultrasound-guided breast biopsies.
- An Extraordinary General Meeting on 13 August resolved on an incentive program for employees with a maximum of 1,021,900 warrants. Each warrant entitles the rightholder to subscribe one (1) share in the Company at a subscription price 150 per cent of the volume weighted average price ten days prior to the extra general meeting.

## NeoNavia ready for market

After several years of development work, NeoNavia, a system for ultrasound-guided tissue sampling, is ready for launch and thus to improve diagnostic quality for women who are diagnosed with breast cancer. The launch will start in Europe where the system is being used at specialist clinics in Germany, UK and in Sweden. The market introduction of NeoNavia will focus on these markets. In 2021, NeoDynamics also plan to be present on the US market.

So far in 2020, NeoDynamics has focused on finalizing the new products to further increase their competitiveness. The Base unit, Driver and the needles (three different forms of probes/needles that can replace other ultrasound guided tissue sampling) have been fine-tuned so that each sampling will give high-quality tissue with ample volume.

Adequate samples in sufficient volume provide the basis that modern cancer diagnosis requires for an early and conclusive diagnosis. The facts that it is also time-saving for the clinics and results in fewer needle insertions for the patients, add to the advantages.

NeoDynamics have methodically reviewed the new products and also carried out bench studies to document the results. NeoNavia has already in its study version been shown to provide three times as much tissue as traditional technology. At the end of 2020, these new studies will be published to show the performance of the finetuned products. This will provide powerful arguments when showing clinics the superiority of NeoDynamics' versus existing biopsy technology.

In parallel, studies with NeoNavia continue in clinical practice in hospitals in Germany and



the United Kingdom. After the UK gave special priority to cancer care, patient recruitment in the COMPULSE study resumed in July after a temporary hiatus due to the pandemic. New patients have since been included in the studies that compare NeoNavia to the current standard for ultrasound-guided breast biopsy.

The use of NeoNavia in German hospitals greatly contributed to NeoDynamics being able to start a collaboration with leading German breast cancer clinics in early July, which in a role as reference centres will also support the introduction of NeoNavia at other clinics. These reference centres are also expected to become the first buyers of the new system.

Work continues to secure sufficient funding for the coming years.

I am impressed by how focused the organization worked during the first half of the year and I am sensing the impatience in getting started with selling NeoNavia.

NeoDynamics is heading for a very exciting autumn.

CEO Anna Eriksrud

# Financial overview

## Second Quarter 2020

The main costs are being associated with product development, clinical studies, marketing and personnel. Costs for product development were higher than expected. NeoDynamics applies a policy of capitalizing development costs to intangible assets, but not of personnel costs.

## Revenue and earnings/loss

During the quarter, the company had no product sales. Capitalized costs accounted for SEK 5.787 m (6.328 m) of the reported revenue of SEK 6.263 m (6.328 m).

External costs were SEK 8.327 m (8.229 m) and mainly comprised of costs relating to product development, clinical studies and sales and marketing. Personnel costs increased to SEK 3.359 m (1.921 m) as a result of the number of employees increasing from five to seven.

The loss before depreciation amounted to SEK -5.541 m (-3.979 m). The loss before tax and after tax amounted to SEK -5.516 m (-3.981 m).

## Financial position

Cash and cash equivalents amounted to SEK 7.177 m (6.116 m at year-end). Shareholders' equity increased to SEK 89.765 m, compared with SEK 55.581 m at year-end. Total assets amounted to SEK 95.321 m (92.349 m at year-end). At the end of June, the equity ratio was 94 percent, compared with 91 percent at year-end.

## Capital requirement

The need for working capital in 2020 has increased due to higher costs for product development during the first half of the year and will be met with funds from the private placement that the Annual General Meeting authorized the Board to decide on.

## Outlook

NeoDynamics is preparing to launch the product in Germany, Sweden and the UK during the second half of the year. The company plans to file a regulatory application with the FDA in the United States during the fall. Development costs are expected to decrease sharply during the second half of the year, while sales and marketing costs are expected to rise.

## The share

NeoDynamics AB's share is been listed on Spotlight Stock Market since December 7, 2018. The share's short name is "NEOD" and the ISIN code is SE0011563410. As of June 30, 2020, the number of shares in NeoDynamics AB was 33,445,612 (15,303,520 at year-end).

## Shareholders

The table below shows shareholdings and the share of votes and capital for the 10 largest shareholders in NeoDynamics AB at the end of June 2020.

|    |   |           |        |
|----|---|-----------|--------|
| 1  | NKY Sweden AB / Boai NKY Medical Holdings Ltd, Kina | 4,922,544 | 14.72% |
| 2  | Huasheng Fang                                       | 4,254,609 | 12.72% |
| 3  | M2 Capital Management AB                            | 2,970,899 | 8.88%  |
| 4  | Gryningskust Holding AB                             | 1,829,800 | 5.47%  |
| 5  | Rentability Sweden AB                               | 687,442   | 2.06%  |
| 6  | ADB Invest AB                                       | 631,497   | 1.89%  |
| 7  | Humlan Fastighetsutveckling AB                      | 620,082   | 1.85%  |
| 8  | Jörgen Vrenning                                     | 611,764   | 1.83%  |
| 9  | Claes Petterson                                     | 485,668   | 1.45%  |
| 10 | Salénterprise                                       | 462,320   | 1.38%  |

|        |            |         |
|--------|------------|---------|
| Others | 15,968,987 | 47.75%  |
| Total  | 33,455,612 | 100.00% |

### Financial calendar

|                         |              |
|-------------------------|--------------|
| Interim Report Jan-Sep  | 19 Nov, 2020 |
| Year-end report Jan-Dec | 19 Feb, 2021 |
| Interim Report Jan-Mar  | 25 May, 2021 |

### Risks and uncertainties

A number of risk factors could have a negative impact on NeoDynamics AB's operations. It is therefore important to consider any relevant risks in addition to the company's growth opportunities. For a detailed outline of the risks attributable to the company and its shares, please refer to the IPO-prospectus published by the Board in October 2018 and the prospectus published in connection with the preferential share issue in February 2020.

### Accounting principles

The half year report has been prepared in accordance with the Annual Accounts Act and in accordance with the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). For intangible assets, the activation model in the general council has been applied. The company's assets and liabilities are stated at cost and nominal value, unless otherwise stated.

### Review of the report

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

## Half-year report submitted

The Board of Directors and the CEO hereby certify that the half yearly report provides a true and fair view of NeoDynamics' operations.

*Lidingö, August 21, 2020*

Anna Eriksrud  
CEO

Ingrid Salén  
Chairman of the board

Jie Bao  
Board Member

Ulf Boberg  
Board member

Carina Bolin  
Board member

Claes Pettersson  
Board member

Xiaojun Xu  
Board member

NeoDynamics AB, 559014-9117

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## Income statement

| (SEK thousands)  | 2020              | 2019              | 2020              | 2019              | 2019              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Apr-June          | Apr-June          | Jan-June          | Jan-June          | Jan-Dec           |
| <b>Revenue</b>   |                   |                   |                   |                   |                   |
| Net sales  | 0                 | 0                 | 0                 | 0                 | 0                 |
| Work performed by the Company for its own use and capitalized              | 5 787             | 6 328             | 12 090            | 11 745            | 22 220            |
| Other operating income   | 476               | 1                 | 442               | 3                 | 490               |
|  | <b>6 263</b>      | <b>6 328</b>      | <b>12 531</b>     | <b>11 748</b>     | <b>22 710</b>     |
| <b>Operating expenses</b>  |                   |                   |                   |                   |                   |
| Other external cost  | -8 327            | -8 229            | -17 457           | -15 193           | -31 332           |
| Personnel cost   | -3 359            | -1 921            | -6 049            | -4 332            | -9 151            |
| Depreciation/amortization and impairment of tangible and intangible assets | -112              | -145              | -270              | -279              | -600              |
| Other operating expenses   | -7                | -12               | -35               | -26               | -67               |
| <b>OPERATING INCOME</b>  | <b>-5 541</b>     | <b>-3 979</b>     | <b>-11 279</b>    | <b>-8 082</b>     | <b>-18 442</b>    |
| <b>Financial items</b>   |                   |                   |                   |                   |                   |
| Financial income   | 0                 | 0                 | 0                 | 0                 | 0                 |
| Financial costs  | 25                | -1                | -1 472            | -33               | -540              |
| <b>Net financial items</b>   | <b>25</b>         | <b>-1</b>         | <b>-1 472</b>     | <b>-33</b>        | <b>-540</b>       |
| <b>Profit after financial items</b>  | <b>-5 516</b>     | <b>-3 981</b>     | <b>-12 751</b>    | <b>-8 115</b>     | <b>-18 982</b>    |
| <b>Profit before tax</b>   | <b>-5 516</b>     | <b>-3 981</b>     | <b>-12 751</b>    | <b>-8 115</b>     | <b>-18 982</b>    |
| Tax  | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Net profit</b>  | <b>-5 516</b>     | <b>-3 981</b>     | <b>-12 751</b>    | <b>-8 115</b>     | <b>-18 982</b>    |
| <b>Earnings per share before dilution, SEK (no dilution):</b>              | <b>-0,18</b>      | <b>-0,26</b>      | <b>-0,53</b>      | <b>-0,53</b>      | <b>-1,24</b>      |
| <b>Number of shares at end of period:</b>                                  | <b>33 445 612</b> | <b>15 303 520</b> | <b>33 445 612</b> | <b>15 303 520</b> | <b>15 303 520</b> |
| <b>Average number of shares:</b>   | <b>30 731 813</b> | <b>15 303 520</b> | <b>24 026 689</b> | <b>15 303 520</b> | <b>15 303 520</b> |

## Balance sheet

| (SEK thousands)                      | 30-June-20     | 31-Dec-19      |
|--------------------------------------|----------------|----------------|
| <b>ASSETS</b>                        |                |                |
| <b>Fixed assets</b>                  |                |                |
| Intangible assets                    | 83 023         | 70 974         |
| Tangible assets                      | 1 117          | 1 346          |
| Financial assets                     | 112            | 112            |
|                                      | <b>84 252</b>  | <b>72 433</b>  |
| <b>Current assets</b>                |                |                |
| Inventory, etc                       | 234            | 361            |
| Receivables                          | 3 658          | 13 297         |
| Cash and cash equivalents            | 7 177          | 6 258          |
|                                      | <b>11 069</b>  | <b>19 917</b>  |
| <b>TOTAL ASSETS</b>                  | <b>95 321</b>  | <b>92 349</b>  |
| <b>EQUITY AND LIABILITIES</b>        |                |                |
| <b>Restricted Equity</b>             |                |                |
| Share capital                        | -3 345         | -1 530         |
| Fund for development expenditure     | -77 879        | -65 789        |
|                                      | <b>-81 224</b> | <b>-67 320</b> |
| <b>Unrestricted Equity</b>           |                |                |
| Share premium reserve                | -156 382       | -111 261       |
| Profit/loss brought forward          | 135 090        | 104 018        |
| Profit and loss for the year         | 12 751         | 18 982         |
|                                      | <b>-8 542</b>  | <b>11 739</b>  |
| <b>TOTAL EQUITY</b>                  | <b>-89 765</b> | <b>-55 581</b> |
| <b>Long term liabilities</b>         |                |                |
| Other long term liabilities          | 0              | 1              |
| <b>Short term liabilities</b>        |                |                |
| Accounts payable                     | -2 830         | -2 177         |
| Other current liabilities            | -835           | -31 666        |
| Accrued expenses and deferred income | -1 891         | -2 925         |
| <b>TOTAL LIABILITIES</b>             | <b>-5 556</b>  | <b>-36 768</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>-95 321</b> | <b>-92 349</b> |

## Cash flow statement

| (SEK thousands)  | 2020<br>Jan-June   | 2019<br>Jan-June   | 2019<br>Jan-Dec    |
|--|--------------------|--------------------|--------------------|
| <b>Operating activities</b>  |                    |                    |                    |
| Profit/loss after financial items  | -12 750 838        | -8 114 674         | -18 981 750        |
| Adjustments for items not included in cash flow, etc                         | 269 879            | 279 305            | 604 497            |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-12 480 959</b> | <b>-7 835 369</b>  | <b>-18 377 254</b> |
| <i>Cash flow from changes in working capital</i>                             |                    |                    |                    |
| Increase (-) /Decrease (+) in inventories                                    | 0                  | 1                  | 2                  |
| Increase (-) /Decrease (+) in operating receivables                          | -233 648           | 2 128 734          | 3 074 539          |
| Increase (+) /Decrease (-) in operating liabilities                          | -392 380           | -1 521 900         | -1 944 288         |
| <b>Cash flow from operating activities</b>                                   | <b>-626 028</b>    | <b>606 834</b>     | <b>1 130 251</b>   |
| <b>Investment activities</b>   |                    |                    |                    |
| Acquisition of intangible assets   | -12 089 604        | -11 745 107        | -22 293 290        |
| Acquisition of tangible assets   | 0                  | -463 224           | -562 723           |
| Disposal of intangible assets  | 0                  | 0                  | -112 400           |
| <b>Cash flow from investment activities</b>                                  | <b>-12 089 604</b> | <b>-12 208 331</b> | <b>-22 968 414</b> |
| <b>Financing activities</b>  |                    |                    |                    |
| New share issue  | 46 934 890         | 0                  | 0                  |
| Borrowings   | -20 820 000        | -91 772            | 20 820 000         |
| <b>Cash flow from financing activities</b>                                   | <b>26 114 890</b>  | <b>-91 772</b>     | <b>20 820 000</b>  |
| <b>Cash flow</b>   | <b>918 299</b>     | <b>-19 528 637</b> | <b>-19 395 416</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>              | <b>6 258 424</b>   | <b>25 653 839</b>  | <b>25 653 839</b>  |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>7 176 723</b>   | <b>6 125 202</b>   | <b>6 258 424</b>   |

## Key figures

|                                 | 2020     | 2019     | 2019    |
|---------------------------------|----------|----------|---------|
|                                 | Jan-June | Jan-June | Jan-Dec |
| Sales, SEK thousands            | 0        | 0        | 0       |
| Operating income, SEK thousands | -11 279  | -8 082   | -18 442 |
| Operating margin %              | 0        | 0        | 0       |
| Balance total, SEK thousands    | 95 321   | 72 727   | 92 349  |
| Equity ratio %                  | 94,2%    | 91,4%    | 60,2%   |
| Cash, SEK thousands             | 7 177    | 6 125    | 6 258   |
| Earnings/share, SEK             | -0,53    | -0,53    | -1,24   |
| Equity/share, SEK               | -2,68    | 4,34     | -3,63   |

### Warrant program – 2018/21

The company has issued 550,000 warrants to senior executives in the company. Each warrant entitle the rightholder to subscribe one (1) share in the Company at a subscription price of SEK 10.50 during the period October 1-31, 2021. The warrants entail a dilution of ownership when the price of the NeoDynamics share exceeds the exercise price of the warrants. There was no dilution effect during the period.

### Warrant program – 2020/23

An Extraordinary General Meeting on 13 August resolved on an incentive program for employees with a maximum of 1,021,900 warrants. Each warrant entitle the rightholder to subscribe one (1) share in the Company at a subscription price 150 per cent of the volume weighted average price ten days prior to the extra general meeting.

# NeoDynamics in brief

*NeoDynamics AB (publ) is a Swedish medical technology company dedicated to advancing the diagnosis and care of cancer. The company has an innovative biopsy system, NeoNavia®. The biopsy system is based on patented micro-pulse technology, developed from research carried out at the Karolinska Institute in Sweden. The system is designed to offer clinicians and patients accurate lesion targeting and high tissue yield for accurate diagnosis and individualized treatment. NeoNavia® is being evaluated at leading clinics in the UK, Germany and Sweden. A commercial launch is expected in 2020.*

## A growing breast biopsy market

At least 6 million breast biopsies are performed every year in order to detect suspected cancer. The number of breast biopsies is increasing by 10 percent annually. Every year, 2.1 million women are diagnosed with breast cancer, a number that is increasing by 5 percent per year. The market for breast biopsy devices is valued at USD 500 million per year. The proportion of non-surgical biopsies is increasing at the expense of surgical biopsies. Expanded screening programs and new screening techniques are enabling an increasing number of tumors to be detected at an earlier stage. New therapies are increasing the need for biopsies to confirm diagnoses but also to follow up on treatment results.<sup>1</sup>

## NeoNavia – a unique biopsy system

NeoNavia is the brand name for the entire biopsy system intended for use with ultrasound guidance. NeoNavia consists of a base unit, a handheld driver and three different types of biopsy needles. Each needle type is driven by micro-pulses, enabling high precision and control when inserting and positioning the biopsy needle in a suspicious lesion. The system is designed to offer accurate lesion targeting and high tissue yield for accurate diagnosis and individualized treatment.

## New innovative technology

The patented micro-pulse technology is based on a pneumatically driven mechanism that enables high precision and control when inserting and positioning the biopsy needle, regardless of tissue type. The pneumatic driver that generates micro-pulses is placed in a handheld instrument. Powered by the base unit, the driver accelerates the needle with great control even over a short distance, enabling its distinct stepwise insertion

without risking to destroy surrounding tissue. This facilitates ease of access and flexibility in sampling, even in very small lesions in delicate and difficult locations.

## Patent rights

NeoNavia's micro-pulse technology has received a patent protection in many markets. The technology is patented in the larger European countries as well as in China and the US. Design-specific patents for the needle designed by NeoDynamics have already been approved in Europe, the US and China. The patent will run until 2034. Further patent applications have been made.

## Clinically tested in key markets

More than 400 patients have undergone breast and axillary lymph node biopsy with NeoDynamics new biopsy technique. Clinical studies are being conducted in Germany and are being planned in the UK for further evaluation of the technology.

## Tomorrow's breast cancer biopsy

NeoDynamics' vision is that our micro-pulse technology will become the new standard for all ultrasound-guided breast cancer biopsies, and that precision and reliability will be improved, thereby helping to save lives and improve the quality of life of all women with breast cancer.

**“The NeoNavia biopsy system can safely increase the precision of ultrasound-led, technically difficult biopsies such as in the axillary lymph nodes.”**

<sup>1</sup> Source: NeoDynamics prospectus: <https://spotlightstockmarket.com/media/5584/neodynamics-ab-publ-prospekt-2.pdf>