



NeoDynamics AB (publ)
First Half 2023

1 January - 30 June 2023

Promising Feedback from the US

Second Quarter 2023

- Revenues amounted to SEK 343 (222) thousand, of which SEK 20 (10) thousand net sales, i.e., sales of finished products.
- Net loss amounted to SEK -26,086 (-17,423) thousand.
- Loss per share amounted to SEK -0.22 (-0.16).
- Cash and cash equivalents amounted to SEK 7,754 (20,067 at year-end) thousand.

Significant events during the quarter

- NeoDynamics AB (publ) held an Extraordinary General Meeting on 3 April 2023. The Extraordinary General Meeting resolved to increase the share capital, and to resolve that the board of directors, for the period until the end of the next annual general meeting, shall consist of four directors (previously six).
- The Annual General Meeting was held on the 23rd May. The full agenda, proposals and resolutions can be found on the company website, www.neodynamics.com, under regulatory press releases.
- NeoDynamics, Inc. announces U.S. availability of NeoNavia, the first and only pulse biopsy technology. The system was commercially introduced at the American Society of Breast Surgeons annual meeting, on the 27th April.
- The final data set from NeoDynamics' PULSE study was presented at The SBI Breast Imaging Symposium in Maryland, USA. The study demonstrated a success rate of 93% of biopsies from the lymph node.
- The board of directors of NeoDynamics resolved, subject to approval by an extraordinary general meeting, to carry out a rights issue of shares and warrants with preferential rights for existing shareholders, for an initial amount of up to approximately SEK 72 million to finance commercialization and marketing activities in the USA and Europe.

Significant events after the end of the quarter

- Results of NeoDynamics' PULSE study presented at the 42nd Annual Congress of the German Society of Senology, Munich. The study has demonstrated that pneumatic pulses promoted high needle control and stabilization of target lesions during insertion of the needle and that it was possible to obtain multiple samples with a single insertion.
- NeoDynamics AB (publ) held an Extraordinary General Meeting on 27 July 2023. The Extraordinary General Meeting resolved to adopt new articles of association, approve the board's resolution on June 22, 2023 on a new issue of units with preferential rights for existing shareholders, reduce the share capital and to authorise the board of directors to resolve on issues of shares, warrants and/or convertible instruments as further outlined in Appendix 5 of the minutes of the EGM of the articles of association.

Promising feedback from the US

NeoNavia® configured with the FlexiPulse needle was commercially launched in the US at two prestigious conferences at the end of April / beginning of May. This was a great opportunity for us to meet and interact with key opinion leaders and practitioners, and the feedback received has been very positive.

The US health care market is very open to new and innovative ways of working, as little advancements have been made in this area for many years. Our go-to-market strategy in the US is to work narrow and deep with top university hospitals, and we are currently in advanced negotiations with several leading university hospitals.

Testing and fine-tuning continues in Europe

In Europe, the first batch of CorePulse needles was delivered to clients in Germany in April and evaluations were subsequently carried out. The trials showed great yield results, but also that additional minor fine-tuning of the CorePulse needle was needed. As always, high quality remains our top priority. The required adjustments have now been implemented and new deliveries are expected in September.

Our PULSE study is coming to the very end, and the full study will be published in the Autumn of 2023. Already now, we can conclude that this study has given us prestigious entries to present abstracts and share our data both in 2022 and 2023. We consider this to be a very good return on investment, which will further support our commercial efforts in the US.

Our COMPULSE study in the UK is progressing according to plan. It is a comparative study using the FlexiPulse needle to demonstrate product performance for ultrasound-guided biopsies of axillary lymph nodes in patients with breast cancer. More than 100 patients (out of 400) have already been recruited (and biopsied) and the recruitment process is running according to plan. All COMPULSE study centres have confirmed that they intend to use our needles commercially, in parallel to participating in the study, further validating their commitment to the product.



Financing to be secured via rights issue of up to SEK 72m initially

Since the Autumn 2022, we have worked diligently to raise long term financing to fund operations and secure the commercial launch of NeoNavia in the US.

The markets have been challenging, however, we have decided on a rights issue which we announced on 22 June. This will allow us to raise sufficient capital to successfully commercialize our product in the US, and it also allows all existing shareholders the opportunity to participate in the issue as well.

As a token of trust, both the Management and Board of NeoDynamics are participating in the rights issue. The board's resolution on the rights issue was approved by the EGM on 27 July.

We are very grateful that key investors have provided bridge financing, just as they have committed to participating in the rights issue, which is 80% guaranteed upfront.

Financial performance in Q2

As a result of the implemented extra product fine-tuning of our CorePulse needle in Q2, we do not expect to generate substantial revenue until the latter part of H2 2023. Our administrative costs have been higher in this quarter than the same time last year, due to the onboarding of key sales staff in our US organisation. The outlook for 2024 remains encouraging as we expect to start generating both revenue and operating cash flow towards the end of 2023.

CEO Anna Eriksrud

Financial overview

Revenue and earnings

Revenues during the quarter amounted to SEK 343 (222) thousand, of which net sales were SEK 20 (10) thousand. Production has been restarted, which now includes the finetuning of our product, with feedback from our customers. The re-introduction of our CorePulse needle remains on-going, with centres in the UK and DACH region recently receiving their updated versions. We expect sales to start to materialize in the second half of the year, as the US commercial efforts solidify.

Cost of goods were SEK 79 (114) thousand during the quarter, due to the phased roll out in the EU this year. Other external costs increased to SEK 12,572 (9,204) thousand, mainly reflecting higher costs for the establishment of NeoDynamics Inc. In addition, as outlined in the CEO comments, we have explored various options to raise long term capital, which has contributed to increased consultancy costs.

Personnel costs increased to SEK 8,357 (3,774) thousand during the quarter, an effect of several employees being onboarded in the US in combination with consultants being replaced with employees in Europe.

Operating loss amounted to SEK -26,193 (-17,487) thousand for the quarter whereas EBITDA, i.e., operating profit excluding depreciation, amounted to SEK -21,616 (-12,963) thousand for the quarter.

Financial position

Cash and cash equivalents at the end of the period amounted to SEK 7,754 thousand (SEK 20,067 thousand at year-end). Financing, in the form of a Rights Issue, will be carried out during August, raising up to an initial SEK 72 million before transaction costs. The rights issue is secured up to 80%, with guarantee commitments from a number of our largest shareholders, senior management and board members.

Cash flow from operating activities before changes in working capital amounted to SEK -21,870, (-12,940) thousand and after changes in working capital to SEK -21,144 (-18,173) thousand. Receivables increased by SEK 10 thousand. The total cash flow amounted to SEK 2,360 (41,902) thousand.

At period-end, the equity to assets ratio was 45 (94) percent and equity amounted to SEK 35,404 (125,190) thousand. The variance to last year, is due to the timing of the rights issue this year.

The share

NeoDynamic's share was listed on Nasdaq First North Growth Market on May 2, 2022, with Redeye as Certified Adviser. The share's ticker is "NEOD" and the ISIN code is SE0011563410.

On June 30, 2022 the number of shares in NeoDynamics AB amounted to 120,501,184, up from 60,250,592, at year-end. A rights issue of 60,250,592 shares was completed during the second quarter of 2022, increasing the share capital by SEK 6,025,059 to SEK 12,050,119.

On June 30, 2023, the number of shares in the company was 120,501,184 and the last price paid in the period was SEK 0.1886.

Shareholders

On June 30, the company had a total of 3,981 shareholders, compared with 3,102 at year-end. The 10 largest shareholders at the end of the reporting period are listed in the table below.

Name	Shareholding	Ownership
Gryningskust Holding AB	16,844,360	13.98%
Fang, Huasheng	13,631,896	11.31%
Avanza Pension	4,926,299	4.09%
NKY Sweden	4,922,544	4.09%
SIX SIS AG, W8IMY	3,946,623	3.28%
Alandsbanken ABP	3,558,242	2.95%
Rentability Sweden AB	2,804,134	2.33%
Cardeon AB (PUBL)	2,803,234	2.33%
Futur Pension	2,444,306	2.03%
Nordnet Pensionsförsäkring AB	1,739,430	1.44%
Others	62,880,116	52.17%

Financial calendar

Interim Report Jan-Sep	2023-11-16
Annual Accounts 2023	2024-02-16
Interim Report Jan-Mar (2024)	2024-05-07
Annual General Meeting	2024-05-22
Interim Report Jan-Jun (2024)	2024-08-20
Interim Report Jan-Sep (2024)	2024-11-19

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. As of recent, we see an added uncertainty in our surrounding world, both as a result of Russia's invasion of Ukraine and through a financial instability with rising inflation and general macroeconomic uncertainty. The company now stands ready to commercialize its first main product. The board and company management are assessing alternatives to secure financing of the commercialization and the company's long-term capital requirements on an ongoing basis. For a detailed outline of the risks attributable to the company and its shares, please refer to the prospectus published by the Board in March 2022.

Accounting principles

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

Interim report submitted

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

Lidingö on July 31, 2023

Anna Eriksrud
CEO

Ingrid Salén
Chairman of the Board

Carina Bolin
Board member

Matthew E. Colpoys Jr
Board member

Claes Pettersson
Board member

NeoDynamics AB 559014-9117

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The company's Certified Adviser is Redeye AB.

Consolidated accounts: Income statement

Amount in SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	20	10	117	102	135
Work performed by the Company for its own use and capitalized	198	141	198	141	214
Other operating income	125	71	346	307	553
	343	222	661	550	902
Cost of goods	-79	-114	-222	-174	-947
Other external costs	-12,572	-9,204	-24,576	-17,258	-38,239
Personnel costs	-8,357	-3,774	-15,009	-7,301	-16,321
Depreciation/amortization of tangible and intangible assets	-4,577	-4,524	-9,168	-9,030	-18,144
Other operating expenses	-951	-93	-1,034	-118	-483
	-26,536	-17,709	-50,009	-33,881	-74,134
OPERATING LOSS	-26,193	-17,487	-49,348	-33,331	-73,232
Financial income	104	66	111	75	103
Financial costs	-629	-2	-714	-19	-3
	-525	64	-603	56	100
LOSS AFTER FINANCIAL ITEMS	-26,718	-17,423	-49,951	-33,275	-73,132
Tax	632	0	632	0	-1,384
NET LOSS	-26,086	-17,423	-49,319	-33,275	-74,516
EARNINGS PER SHARE BEFORE DILUTION, SEK	-0.22	-0.16	-0.41	-0.39	-0.73
(no dilution)					
Number of shares at end of period	120,501,184	120,501,184	120,501,184	120,501,184	120,501,184
Average number of shares	120,501,184	108,399,077	120,501,184	84,457,841	102,627,636

Consolidated accounts: Balance sheet

Amount in SEK thousands	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	46,512	62,977	54,713
Tangible assets	1,347	1,788	1,575
Financial assets	135	137	138
Deferred tax	635	0	0
Total non-current assets	48,629	64,902	56,426
Current Assets			
Inventories	8,441	3,506	3,547
Accounts receivables	233	753	132
Other receivables	12,962	9,905	12,665
Prepaid expenses and accrued income	664	1,159	651
	22,300	15,323	16,995
Cash and cash equivalents	7,754	52,782	20,067
Total current assets	30,054	68,105	37,062
TOTAL ASSETS	78,683	133,007	93,488
EQUITY AND LIABILITIES			
Equity			
Share capital	12,050	12,050	12,050
Other contributed equity	303,725	303,060	303,725
Other equity incl. profit/loss for the year	-280,371	-189,920	-231,204
Total equity	35,404	125,190	84,571
Provisions			
Provisions for guarantee	500	240	500
Long-term liabilities			
Other long-term liabilities	0	665	0
Current liabilities			
Accounts payable	3,504	2,036	1,742
Current tax liability	1,529	0	1,448
Other liabilities	30,841	669	162
Accrued expenses	6,905	4,207	5,065
Total current liabilities	42,779	6,912	8,417
TOTAL EQUITY AND LIABILITIES	78,683	133,007	93,488

Consolidated accounts: Cash flow statement

Amount in SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating activities					
Operating profit/loss	-26,193	-17,487	-49,348	-33,331	-73,232
Adjustments for items not included in cash flow	4,829	4,523	9,360	9,029	19,211
Interest received	2	25	3	25	32
Interest paid	-500	-1	-500	-1	-3
Paid income tax	-8	0	-8	0	0
Cash provided by operating activities before changes in working capital	-21,870	-12,940	-40,493	-24,278	-53,992
Cash from changes in working capital					
Increase (-) / decrease (+) in inventories	-2,655	-57	-5,154	-961	-1,593
Increase (-) / decrease (+) in account receivables	10	250	-81	310	602
Increase (-) / decrease (+) in other receivables	796	-3,242	132	-4,305	-6,072
Increase (+) / decrease (-) in account payables	2,312	-1,833	1,710	-2,833	-3,134
Increase (+) / decrease (-) in other operating liabilities	263	-351	1,309	-134	-112
Cash provided by operating activities	-21,144	-18,173	-42,577	-32,201	-64,301
Investing activities					
Investment in intangible assets	-211	-673	-491	-673	-1,100
Investment in tangible assets	0	-389	0	-645	-760
Investment in financial assets	0	0	0	0	-14
Cash used in investing activities	-211	-1,062	-491	-1,318	-1,874
Financing activities					
Rights issue	0	69,288	0	69,288	69,288
Costs for rights issue	0	-8,261	0	-8,352	-8,382
Issuance of share options	0	110	0	338	338
Received loan	23,715	0	30,715	0	0
Cash used in financing activities	23,715	61,137	30,715	61,274	61,244
Net change in cash and cash equivalents	2,360	41,902	-12,353	27,755	-4,931
Cash and cash equivalents, opening balance	5,366	10,785	20,067	24,960	24,960
Foreign exchange differences in cash	28	95	40	67	38
Cash and cash equivalents, ending balance	7,754	52,782	7,754	52,782	20,067

Condensed parent company income statement

Amount in SEK thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	885	10	4,124	103	1,379
Work performed by the Company for its own use and capitalized	198	141	198	141	214
Other operating income	93	12	116	67	154
	1,176	163	4,438	311	1,747
Cost of goods	66	-64	-1,142	-113	-895
Other external costs	-13,623	-11,960	-26,628	-22,572	-48,650
Personnel costs	-2,947	-1,859	-5,952	-3,949	-7,613
Depreciation/amortization of tangible and intangible assets	-4,576	-4,523	-9,167	-9,030	-18,144
Other operating expenses	-543	-90	-605	-154	-311
	-21,623	-18,496	-43,494	-35,818	-75,613
OPERATING LOSS	-20,447	-18,333	-39,056	-35,507	-73,866
Net financial items	-693	39	-711	22	-4,094
LOSS AFTER FINANCIAL ITEMS	-21,140	-18,294	-39,767	-35,485	-77,960
Tax	0	0	0	0	0
NET LOSS	-21,140	-18,294	-39,767	-35,485	-77,960

Condensed parent company balance sheet

Amount in SEK thousands	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	46,512	62,977	54,713
Tangible assets	1,343	1,788	1,575
Financial assets	8,322	2,397	372
Total non-current assets	56,177	67,162	56,660
Current Assets			
Inventories	7,164	3,506	3,406
Accounts receivables	233	748	132
Receivables from group companies	3,934	875	1,385
Other receivables and prepaid expenses	12,956	10,392	12,736
Cash and cash equivalents	5,004	49,903	16,534
Total current assets	29,291	65,424	34,193
TOTAL ASSETS	85,468	132,586	90,853
EQUITY AND LIABILITIES			
Equity	41,397	123,003	81,164
Provisions	500	240	500
Other non-current liabilities	0	665	0
Current liabilities			
Accounts payable	2,393	1,875	1,515
Liabilities to group companies	4,604	0	3,526
Other liabilities and accrued expenses	36,574	6,803	4,148
Total current liabilities	43,571	8,678	9,189
TOTAL EQUITY AND LIABILITIES	85,468	132,586	90,853

Consolidated accounts: Key figures

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net sales, SEK thousands	92	10	33	0	97	20
Operating loss, SEK thousands	-15,844	-17,487	-14,441	-25,459	-23,155	-26,193
Operating margin %	neg	neg	neg	neg	neg	neg
Balance sheet total, SEK thousands	91,468	133,007	117,997	93,488	77,760	78,683
Equity ratio %	89%	94%	94%	90%	79%	45%
Cash, SEK thousands	10,785	52,782	39,966	20,067	5,366	7,754
Earnings/loss per share, SEK	-0.26	-0.16	-0.12	-0.22	-0.19	-0.22
Equity per share, SEK	1.35	1.04	0.92	0.70	0.51	0.29

Consolidated Accounts Statements of change in equity in summary

Amounts in SEK thousands	Apr - Jun		Jan-Jun		Jan- Dec
	2023	2022	2023	2022	2022
Balance at the beginning of the period	61,374	81,516	84,571	97,476	97,476
Warrant premium	0	0	0	0	338
Reclass costs	0	0	0	0	0
Reclass warrant premium	0	0	0	0	327
New share issue	0	69,288	0	69,288	69,288
Costs for new share issue	0	-8,260	0	-8,353	-8,382
Translation difference	116	69	152	54	40
Profit(-loss) for the period	-	-17,423	-	-	-74,516
	26,086		49,319	33,275	
Balance at the end of the period	35,404	125,190	35,404	125,190	84,571

Definitions

Earnings/Loss per share	Earnings/loss for the period / average number of shares
Equity / assets ratio	Total equity / total assets
Equity per share	Equity at the end of the reporting period / average number of shares
Operating margin	Operating profit / net sales

Warrant program – 2020/2023 and 2022/2025

The company has implemented two incentive programs aimed at senior executives in the company. In 2020, 1,021,900 warrants were issued with the right for holders to for each option subscribe for one (1) share with a subscription price of SEK 4.71 during the period August 1, 2023 – September 30, 2023.

In 2022, 2,640,000 warrants were issued with the right for holders to for each option subscribe for one (1) share with a subscription price of SEK 1.74 during the period February 17, 2025 – May 17, 2025.

The Board's ambition is to propose the issuance of warrants or equivalent up to a maximum total dilution of 5%.

There are no dilution effects during the period. The warrant terms are available on the company's website.

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 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. The launch of NeoNavia® has been initiated in the UK, Germany, Sweden and the U.S.

A growing breast biopsy market

At least 6 million breast biopsies are performed every year in order to detect suspected cancer. Every year, about 2.1 million women are diagnosed with breast cancer, a number that increases by 5 percent annually. The market for breast cancer diagnostics is growing and was estimated in 2025 to reach 830 million US dollars. The proportion of non-surgical biopsies is increasing at the expense of the surgical ones. Extended screening programs and new screening techniques enable more and more tumors to be detected earlier. New therapies are increasing the need for biopsies to confirm diagnoses but also to follow up on treatment results.

NeoNavia® – a unique biopsy system

NeoNavia consists of a base unit, a handheld driver and three different types of biopsy needles. Each needle type is driven by 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. The product has CE approval since 2016 and received FDA clearance in 2022

New innovative technology

The patented 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 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 as well as in dense tissue.

Intellectual Property

The technology is protected in Europe's larger countries as well as in China and the USA. Patents for technology in the proprietary needle have been approved in Europe, the USA and China. The company's various patents run until 2034 and additional patent applications have been filed.

Good results in clinical studies

The PULSE study (ClinicalTrials.gov ID: NCT03975855) shows that the system performs well when used in axillary lymph nodes. The patented pulse technology was considered to stabilize the target organ lymph node and improve needle control during insertion, and it was possible to obtain multiple samples with a single needle insertion.

Tomorrow's breast cancer biopsy

NeoDynamics' vision is that our 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-guided, technically difficult biopsies such as in the axillary lymph nodes."

Ref 1, Markets and Markets, September 2020 <https://www.marketsandmarkets.com/Market-Reports/biopsy-devices-breast-biopsy-market-18901805.html> Schässburger K, Paepke S. Po86. Novel pulse biopsy platform incorporating adaptive open-tip sampling needle increases sampling yield and needle control. *European Journal of Surgical Oncology*. 2021;47(5). doi:10.1016/j.ejso.2021.03.090.