



NeoDynamics AB (publ)
Report for the first half 2021

01-01-2021 – 30-06-2021

Clinics build experience

Second Quarter 2021

- Revenue amounted to SEK 411 (6,263) thousand, of which SEK 383 (5,787) thousand were capitalized costs.
- Loss after tax amounted to SEK -18,263 (-5,516) thousand.
- Loss per share SEK -0.30 (-0.18).
- Cash and cash equivalents amounted to SEK 48,339 (7,177) thousand.

First half of 2021

- Revenues amounted to SEK 816 (12,531) thousand, of which SEK 762 (12,090) thousand capitalized costs.
- Cash flow from operating activities amounted to SEK -23,999 (-13,107) thousand.
- Profit after tax amounted to SEK -35,519 (-12,751) thousand.
- Earnings per share amounted to SEK -0.59 (-0.53).
- The equity ratio was 95 (94) percent.

Significant events during the quarter

- NeoDynamics presented a scientific abstract at the annual surgery conference ABS, Association of Breast Surgeons, in Birmingham, which describes how the company's FlexiPulse needle surpasses standard biopsy in preclinical models by almost 300 percent in terms of volume.
- The Annual General Meeting re-elected the Board members Carina Bolin, Claes Pettersson, Ingrid Salén, Jie Bao and Xiao-Jun Xu, and appointed Matthey E. Colpoys Jr. as a new Board member.
- At mid-year, about 30 clinics with radiology teams in Sweden, the United Kingdom, Germany and other German-speaking countries in Europe had had workshops with the biopsy system NeoNavia

Significant events after period-end

- Hermann-Josef-Hospital in Erkelenz, a university hospital within the University of Aachen, became the first German hospital to order NeoNavia.

Clinics build experience

We continue to introduce the biopsy system NeoNavia in clinics in our markets in Europe. The pandemic has made traditional and effective launch methods impossible, which means introducing the product to doctors at congresses and trade fairs, in parallel with building experience through workshops and thereby reaching out more quickly. Instead, NeoDynamics has been forced to rely on individual hospital meetings with workshops where doctors are given the opportunity to test the product and train in how it is used.

The challenge with this procedure during the spring has been to get permission to be at the clinic. On a few occasions, smaller workshops have been held outside the hospitals. Once these workshops are completed, a majority of clinics want to use the product in regular operation for 2-3 months to see how it fits in and let the whole team of the hospital's radiologists, or as in Germany gynecologists, get used to handling NeoNavia in clinical everyday life. In dialogue with the clinic, the hospital's purchasing department is involved in designing a quote and qualifying NeoDynamics as a supplier. Only then can NeoDynamics expect an order for the product. The process takes time and varies between clinics. By mid-year, the team had conducted about 30 workshops.

First in Germany to place an order was the reputable breast center at Hermann-Josef-Hospital in Erkelenz, Germany, which belongs to the University Hospital of Aachen, which participated in the PULSE study and which also serves as a reference center. We expect to recruit more reference centers in different countries to pave the way for the majority of the clinics that have tried the product to also adopt the technology and submit orders during the latter part of 2021.

The team continues to arrange workshops with specialists and in the autumn, several conferences once again welcome participants to participate physically. The first conference we plan to attend on site is the Schweizerische Gesellschaft für Senology, which will be held in Basel on September 8-9 to be followed by two further



congresses in September and October for the German-speaking part of the country. A very positive sign which means that we in Europe are gradually beginning to return to a more normal market situation.

Publications create interest

Another important way to present NeoNavia to physicians is to present peer reviewed abstracts from our clinical program through various types of scientific conferences. Getting an abstract selected for presentation is a measure of the scientific level we hold in our study program - and of course a way to make NeoNavia known.

During the second quarter, NeoNavia was exposed in this way at the prestigious annual British Breast Surgery Congress, ABS. NeoDynamics continues the work of documenting the product through its clinical program and more scientific abstracts are expected this year. The work of course facilitates the dialogue with doctors, at the same time as it is also a part of creating interest in NeoNavia among potential partners.

United States the next major milestone

In the United States, work continues on compiling the registration application to be able to submit it to the US Food and Drug Administration FDA in the fall. We have a dialogue with the authority, which also communicates that their response times are longer than normal as a result of a large part of the authority's resources being redirected to matters related to Covid-19. With a well-prepared application, however, the need for interaction with the authority after the file has been submitted decreases. The team's ambition is to achieve an application of high quality through underhand dialogue with the FDA. A registration of the product in the USA is an important milestone for both NeoDynamics and NeoNavia as it is an important stamp of quality that also opens up a

significant new market. It is also expected to lead to a significantly more concrete interest from potential partners.

During the quarter, NeoDynamics strengthened its expertise in the important US market through the election of Matt Colpoys to the Board. Matt adds valuable knowledge about both the market and potential partners. The pieces are thus beginning

to come into place for NeoDynamics to be able to add the USA as a market.

I look forward to a continued eventful 2021.

CEO Anna Eriksrud

Financial overview

Revenue and earnings

In 2021, the commercialization of NeoNavia has begun. Since the turn of the year 2020/2021, therefore, continued costs for product development of NeoNavia are taken directly into the income statement and planned depreciation of previously capitalized development costs has begun. This leads to reduced revenue in terms of accounting and higher depreciation, but it does not affect cash flow.

Capitalized costs for product development are attributed to the biopsy marker project and during the quarter amounting to SEK 383 (5,787) thousand and for the half year to SEK 762 (12,090) thousand.

External costs increased slightly during the quarter to SEK 8,847 (8,327) thousand and for the half year to SEK 17,801 (17,457) thousand, consisting mainly of costs for sales, clinical studies and product development. Personnel costs decreased slightly during the second quarter to SEK 2,591 (3,359) thousand and for the half year to SEK 5,246 (6,049) thousand, which is due to employees being replaced by consultants.

Depreciation increased during the quarter to SEK 4,454 (112) thousand and during the first half of the year to SEK 8,903 (270) thousand and relates essentially to development costs for NeoNavia.

Operating profit during the quarter amounted to SEK -18,263 (-5,541) thousand and for the period to SEK -35,519 (-11,279) thousand. EBITDA, operating profit excluding depreciation, amounted to SEK -13,809 (-5,429) thousand for the quarter and to SEK -26,616 (-11,009) thousand for the half year.

Financial position

Cash and cash equivalents at the end of the period amounted to SEK 48,339 thousand (SEK 73,250 thousand at year-end).

Cash flow during the first half of the year from operating activities before changes in working capital amounted to SEK -26,988 (-12,481) thousand and summed after changes in working capital to SEK -23,999 (-13,107) thousand. The cash flow for the first half of the year totaled SEK -24,911 (918) thousand. Excluding last year's new share issue and loan repayment, cash flow in the first half of 2021 and 2020 is broadly the same.

At the end of the period, the equity / assets ratio was 95 percent, compared with 97 percent at the turn of the year. Equity amounted to SEK 129,663 thousand, compared with SEK 165,554 thousand at the turn of the year.

Capital requirement

The Board assesses that the company's capital requirement is being met until the beginning of 2022, after which the company needs additional financing to complete its business plan.

Outlook

NeoDynamics has begun launching the NeoNavia biopsy system in the UK, Germany and Sweden. The company plans to file a regulatory application with the FDA in the United States in the fall of 2021 and then

begin filing for registration in China. Development costs are expected to be lower in 2021 than in 2020, while sales and marketing costs are expected to be higher

Effects of Corona Pandemic

During the first half of the year, operations were affected by the pandemic in several ways, among other things by making contacts with customers more difficult and thus the introduction of the product, and by delaying various types of studies. The company follows developments closely and actively tries to find ways to minimize this impact. During the summer, there has been an increase in interest in contacts from prospective customers in all three markets, but it is too early to assess whether this is a lasting change.

The share

NeoDynamic's share has been listed on Spotlight Stock Market since December 7, 2018. The share's ticker is "NEOD" and ISIN code is SE0011563410. On June 30, 2021, the number of shares in NeoDynamics AB amounted to 60,250,592. The share closed at half-year at a price of SEK 2.12, a decrease of 43 percent from SEK 3.75 at year-end.

Owners

The 10 largest owners 30 June 2021	Shares	Ownership
Huasheng Fang	6 815 948	11.3%
Boai NKY Medical Holdings (Kina), via NKY Sweden AB	4 922 544	8.2%
Cardeon AB and its management team	4 070 077	6.8%
Gryningskust Holding AB	3 873 169	6.4%
Sebastian Jahreskog	3 623 604	6.0%
M2 Capital Management & M2 Asset Management	3 010 882	5.0%
Nordnet Pensionsförsäkring AB	3 009 901	5.0%
Försäkringsbolaget Avanza Pension	2 631 739	4.4%
Nyenburgh Holding BV	1 567 736	2.6%
Quiq Distribution Holding AB	1 347 708	2.2%
Others	25 377 284	42.1%

Financial calendar

Interim Report Jan-Sep	Nov 17, 2021
Full-year report	Feb 16, 2022
Interim Report Jan-March	May 12, 2022
AGM	May 19, 2022

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 prospectus published by the Board in February 2020.

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.

First quarter report submitted

The Board of Directors and the CEO hereby certify that the first quarter report 2021 provides a true and fair view of NeoDynamics' operations.

Lidingö on August 19, 2021

Anna Eriksrud
CEO

Ingrid Salén
Chairman of the Board

Jessie Bao
Board member

Carina Bolin
Board member

Matthew E. Colpoys Jr
Board member

Claes Pettersson
Board member

Xiaojun Xu
Board member

NeoDynamics AB 559014–9117

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Income statement

(SEK thousand)	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Revenue					
Net sales	0	0	22	0	0
Work performed by the Company for its own use and capitalized	383	5 787	762	12 090	17 104
Other operating income	28	476	33	442	1 454
	411	6 263	816	12 531	18 557
Operating expenses					
Cost of goods	-2 770	0	-4 324	0	0
Other external costs	-8 847	-8 327	-17 801	-17 457	-34 641
Personnel costs	-2 591	-3 359	-5 246	-6 049	-12 381
Depreciation/amortization of tangible and intangible assets	-4 454	-112	-8 903	-270	-454
Other operating expenses	-12	-7	-61	-35	-114
OPERATING LOSS	-18 263	-5 541	-35 519	-11 279	-29 032
Financial items					
Financial income	0	0	0	0	0
Financial costs	0	25	0	-1 472	-1 974
Net financial items	0	25	0	-1 472	-1 974
Loss after financial items	-18 263	-5 516	-35 519	-12 751	-31 006
Loss before tax	-18 263	-5 516	-35 519	-12 751	-31 006
Tax	0	0	0	0	0
Net loss	-18 263	-5 516	-35 519	-12 751	-31 006
EARNINGS PER SHARE BEFORE DILUTION, SEK (no dilution)					
	-0.30	-0.18	-0.59	-0.53	-0.51
Number of shares at end of period					
	60 250 592	33 445 612	60 250 592	33 445 612	60 250 592
Average number of shares					
	60 250 592	30 731 813	60 250 592	24 026 689	30 958 542

Balance sheet

Amounts in SEK thousands	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Fixed assets			
Intangible assets	79 666	83 023	87 597
Tangible assets	1 228	1 117	1 299
Financial assets	123	112	112
	81 017	84 252	89 008
Current assets			
Inventory, etc	1 701	234	1 810
Receivables	5 925	3 658	7 225
Cash and cash equivalents	48 339	7 177	73 250
	55 965	11 069	82 285
TOTAL ASSETS	136 981	95 321	171 292
EQUITY AND LIABILITIES			
Restricted Equity			
Share capital	-6 025	-3 345	-6 025
Fund for development expenditure	-75 984	-77 879	-82 460
	-82 009	-81 224	-88 485
Unrestricted Equity			
Share premium reserve	-247 807	-156 382	-248 179
Profit/loss brought forward	164 634	135 090	140 104
Profit/loss for the year	35 519	12 751	31 006
	-47 654	-8 542	-77 069
TOTAL EQUITY	-129 663	-89 765	-165 554
Long term debt			
Other long-term liabilities	-327	0	-327
Short term liabilities			
Accounts payable	-2 787	-2 830	-1 275
Current tax liabilities	-79	-123	-62
Other current liabilities	-963	-712	-1 013
Accrued expenses and deferred income	-3 163	-1 891	-3 061
TOTAL LIABILITIES	-7 319	-5 556	-5 738
TOTAL EQUITY AND LIABILITIES	-136 981	-95 321	-171 292

Cash Flow Analysis

SEK thousands	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Operating activities			
Loss after financial items	- 35 519	- 12 751	- 31 006
Adjustments for items not included in cash flow	8 531	270	454
	-26 988	-12 481	-30 552
Cash flow from operating activities before changes in working capital			
<i>Cash flow from changes in operating capital</i>			
Increase (-) /decrease (+) in inventory	109	-	- 1 810
Increase (-) /decrease (+) in receivables	1 300	- 234	-3 567
Increase (-) /decrease (+) in operating liabilities	1 580	-392	-528
CASH FLOW FROM OPERATING ACTIVITIES	-23 999	-13 107	-36 457
Investing activities			
Acquisition of intangible assets	-762	- 12 090	- 17 104
Acquisition of tangible assets	- 140	-	-359
Acquisition of financial assets	-10	-	-
Cash flow from investing activities	-912	-12 090	-17 462
Financing activities			
Share issue	-	46 935	141 412
Changes in loans	-	- 20 820	- 20 502
Cash flow from financing activities	-	26 115	120 911
CASH FLOW	-24 911	918	66 991
Cash at the beginning of the year	73 250	6 258	6 258
Cash at the end of the year	48 339	7 177	73 250

Key figures

	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Sales, SEK thousands	22	0	0
Operating loss, SEK thousands	-35 519	-11 279	-29 032
Operating margin, %	neg	neg	neg
Balance sheet total, SEK thousands	136 981	95 321	171 292
Equity ratio, %	95	94	97
Cash, SEK thousands	48 339	7 177	73 250
Earnings/loss per share, SEK	-0.59	-0.53	-0.51
Equity per share, SEK	2.15	2.68	2.75

Warrant programs – 2018/2021 and 2020/2023

The company has implemented two incentive programs aimed at senior executives in the company. The Board's ambition is to propose the issuance of warrants or equivalent up to a maximum total dilution of 5%.

In 2018, 550,000 warrants were issued with the right for holders to for each option subscribe for one (1) share with a subscription price of SEK 10.50 during the period October 1-31, 2021. 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.

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 and Sweden.

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.

NeoNavia – a unique biopsy system

NeoNavia is the registered trade mark 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 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 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.

Immaterial property

NeoNavia's pulse technology has received 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 is granted 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 novel 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 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.”

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