

Dear Friend of Navigation Sciences,

I hope this finds you well. During the quarter, Navigation Sciences continued on a path towards a 510(k) submission in the first half of 2023 for the NaviSci™ Intelligent Surgical System, with progress from both clinical and product development perspectives. In addition, a recent decision by CMS to issue a national coverage determination for low dose CT lung screening will likely increase the number of early-stage lung cancer diagnoses, expanding the opportunity for the NaviSci System and its potential to improve clinical outcomes.

CMS Coverage Decision Driving Market Expansion Opportunity

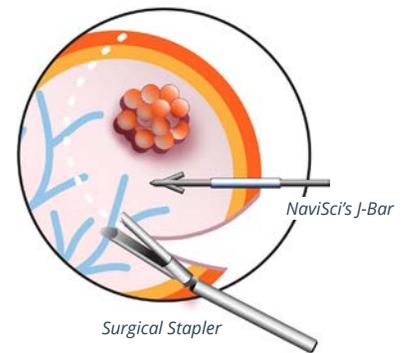
The CMS national coverage decision follows and is aligned with recommendations in March 2020 by the U.S. Preventative Services Task Force that the screening age be lowered from 55 to 50 years old, and that smoking history be reduced from 30 to 20 years. The eligibility criteria also include current smokers or smokers who have quit within the last 15 years. The net effect is to expand the screening population to 6.4 million additional individuals, which would total 14.5 million screenings per year. Private insurers are likely to follow CMS's lead and provide coverage.



Clinical and Product Development Progress

Four patients remain to be enrolled in the 25-patient clinical feasibility trial at Brigham & Women's hospital. Favorable margins continue to be achieved for all patients. The final patients should be enrolled in the study in the coming weeks. The trial will provide a basis for a 510(k) pre-submission meeting request to the FDA for feedback on our data and guidance in developing the 510(k) application. We expect the meeting will occur in the third quarter.

Based on experience from the clinical feasibility trial, we have made progress in engineering, and software validation and verification of several components of the NaviSci System, including the user interface for the computer monitor, the software user experience, and the cart for transporting the system in the operating room. We have also started a research project to develop a wireless electromagnetic (EM) tracker to eliminate the wire attachment to the J-Bar. Initial results with the wireless EM tracker are very promising.



Along with the bronchoscope-aided placement of the fiducial marker, which we are developing with our \$400,000 SBIR grant from the National Cancer Institute (NCI), the EM tracker would substantially improve workflow from the interventional pulmonology suite to the thoracic surgeon. The engineering team has been developing beta prototypes of the delivery catheter in preparation for an in vivo study in Q4 2022, supported by the grant.



Two U.S. Patents Issued; More Filed

Our two recently allowed patents have now been issued, bringing

to three the number of issued patents covering Navigation Sciences' technology.

The parent Patent (No. 11,246,666) covering the NaviSci system for tissue resection with real-time margin measurement was issued in February 2022. Also issued in February was Patent No. 11,234,732, covering bronchoscopic delivery of the fiducial marker. The patents follow the issuance last year of Patent No. 11,058,492, a continuation in part of the parent patent that covers technology for determining margin measurement while compensating for soft tissue deformation during procedures such as lung, liver, thyroid, brain, and head and neck surgeries.

We are continuing to strengthen our intellectual property position and recently filed additional patents related to our technology.

Tax Credits for Massachusetts-based Navigation Sciences Investors

Recently, Navigation Sciences' Massachusetts-based investors received \$186,000 in tax credits from the Massachusetts Life Sciences Center under its Angel Investor Tax Credit program. The program is part of an effort to sustain a favorable environment for investors in the Commonwealth and ensure that

such "investments create jobs, build a robust workforce, support women and minority-led companies, and propel the development of new therapies, devices, and scientific advancements that are improving patient health and well-being."

LSI Emerging Medtech Summit Presentation

In March, we presented an update on the company at the annual [LSI Emerging Medtech Summit](#). The presentation was well received, and the opportunity to attend in person was both gratifying and productive. Follow-up is ongoing with several contacts made at the conference.



Following the oversubscribed initial closing of a \$2 million convertible note, we are continuing fundraising to complete a \$7 million Series B round to take the company through to a 510(k) submission and post-market clinical study. If you are interested in participating, please let me know.

Thank you for your continued support.

Sincerely,
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