



Q2 | 2023 Newsletter

We have been focused on the Series B capital raise, launched in June, that will provide funds to advance the NaviSci™ System to an FDA submission for market clearance. The fundraising is taking place when there is increasing visibility around the growing opportunity for the surgical treatment of early-stage lung cancer. The National Cancer Institute (NCI) will support our fundraising efforts through its Investor Initiative and commercial and business assessment programs. In addition, progress in developing the bronchoscope-based tissue marker, the EndoMarker™ is positioning us to apply for additional NCI SBIR Phase II funding, with a potential two-year award of \$2 million.

Series B Financing

The company is raising \$3 million in Series B Preferred Stock, with an initial close of \$1 million. The funds will support the development of the NaviSci System to the next critical milestone.

Increasing Momentum for Growing the NaviSci Addressable Market

We have noted previously that one of the fundamental drivers of the NaviSci opportunity is the growing number of early-stage lung cancer diagnoses, primarily Stage 1, potentially curable through precision surgery. CT scans have recently emerged as an effective but underutilized screening technology for these tumors. A recent consumer health-focused story in *The Wall Street Journal* highlighted the potential patient impact. Carrying a headline, "[More People Should Get this Test to Detect a Deadly Cancer](#)," the article began, "There is a test that could diminish the toll of the nation's top cancer killer—if people would use it. Doctors are pushing harder to make that happen."

We believe that articles like this will help build awareness, drive screening adoption, and ultimately increase the addressable market for the NaviSci System.

NCI Support for Investor, Commercial Activities

The NCI has selected Navigation Sciences to participate in its [Investor Initiatives Program](#), during which the Institute will showcase the NaviSci™ System at leading investor conferences over the next year. The timely selection for the program will support the Series B financing effort. The company



was eligible to apply to the program based on the \$400,000 Phase I SBIR program grant we received to develop the bronchoscopic NaviSci™ Endomarker. Specifically, NCI is funding our participation, including a presentation, at the [MedTech Strategist Innovation Summit](#), November 14-16, 2023 in San Francisco. We will also participate in the [AdvaMed MedTech](#) conference, October 9-11, in Anaheim, CA, to meet with industry leaders and potential strategic partners.

We were selected for the program based on reviews of our technology by a panel that included Venture Capital and corporate development investors. Overall, the evaluations were quite positive. One of the VCs commented, "This company is in an interesting space. A device that can both determine tumor margin and resect endoscopically for lung is exciting." The corporate business development executive stated that NaviSci has "well-developed technology, which can potentially serve a large market." The reviews provide encouraging validation of the market need, our approach, and our progress.

Based on the SBIR grant, we have also been selected to participate in NCI's [Technical and Business Assistance Program \(TAB\)](#), which provides up to \$50,000 of free Consulting Services for Intellectual Property, Market Analysis, Regulatory Affairs, or Reimbursement Planning.

EndoMarker™ Progress

During the last quarter, with support from the SBIR program grant, we completed Ex vivo testing of EndoMarker. In vivo testing will begin in early August. The progress to date positions us to apply for a Phase II grant, which would provide funding of up to \$2 million. We plan to submit the grant application in early September.

Please let me know if you are interested in participating in the Series B round. The Term Sheet is available on request.

As always, thank you for your support.

Sincerely,

Alan



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