

# EPISURF MEDICAL

## Sales moving in the right direction

Q4 sales were in line with our forecast, but operating expenses were higher. Overall, we believe sales growth will be the most important parameter to track short- to medium-term. If growth continues to be strong in the OUS market and uptake of the patellofemoral system takes off in the US, we believe the company would enter a phase of high growth. It had cSEK58m cash at end-Q4, which should last until end-2024. We have tweaked our forecasts, but reiterate our fair value of SEK1.5–4.5.

**Q4 sales in line with our forecast but earnings lower.** Sales were SEK3.2m (we forecast SEK3.3m) but operating expenses were higher, driven by 'Other external costs'. As a result, the operating loss of SEK24m was larger than our SEK16.7m estimate.

**Sales growth ramping up.** Episurf's number of users has increased steadily in recent quarters, and despite the increase coming from a relatively low base, we believe this is a good sign of the future uptake of the implant systems.

**Customer base continues to grow,** up by 26% YOY for Q4 and c37% YOY for 2023. The company had c134 active customers that purchased implants during the year. We find the largest short-term potential to be in the US, as the OUS customer base still represents c93% of its customers. The patellofemoral system approved in the US seems to be gaining traction, where clients are already performing one implant per week.

**Continued expansion in US market.** In addition to the patellofemoral implant system approved in the US, the company filed a 510(k) application for its second product in October – the MTP implant. The 510(k) process takes at least 90 days, but the final approval time depends on questions from the FDA. Hence, we expect the company to secure the clearance for the MTP product in H2 2024.

**Cash should last until end-2024;** we believe Episurf will need to raise additional capital this year. Our valuation includes a capital raise of SEK200m (and the corresponding new number of shares).

**Fair value of SEK1.5–4.5 reiterated.** We have marginally revised our short-term forecasts and reiterate our fair value, which factors in the potential dilution from a SEK200m capital raise.

EPISB versus OMXS30 (12m)



Source: FactSet

### SUMMARY

Share price (SEK)	1.00
Tickers	EPISB SS

### CAPITAL STRUCTURE

No. of shares (m)	266.5
No. of shares fully dil. (m)	266.5
Market cap. (SEKm)	267
NIBD adj end-2024e (SEKm)	190
Enterprise value adj (SEKm)	457
Net debt/EBITDA adj (x)	-2.93
Free float (%)	100

Source: Company, DNB Markets (estimates)

### NEXT EVENT

Q1 report 2024	24/04/2024
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### ESTIMATE CHANGES (SEKm), (SEK)

Year-end Dec	2024e	2025e	2026e
Sales (old)	21.10	40.75	
Sales (new)	17.15	42.29	67.93
Change (%)	-18.7	3.8	nm
EPS adj (old)	-0.15	-0.10	
EPS adj (new)	-0.13	-0.09	-0.06
Change (%)	nm	nm	nm

Source: DNB Markets, SME Direkt

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Year-end Dec	2020	2021	2022	2023	2024e	2025e	2026e
Revenue (SEKm)	7	7	7	11	17	42	68
EBITDA adj (SEKm)	-56	-62	-70	-88	-65	-43	-29
EBIT adj (SEKm)	-63	-69	-77	-97	-74	-51	-37
PTP (SEKm)	-64	-69	-77	-95	-70	-48	-34
EPS rep (SEK)	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
EPS adj (SEK)	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
Revenue growth (%)	29.6	-1.4	0.0	53.6	61.8	146.6	60.6
EV/Sales adj (x)	92.60	184.72	114.34	30.90	42.21	15.92	9.37
P/Book (x)	2.90	4.08	3.52	3.13	2.49	3.22	4.06
FCF yield (%)	-11.2	-5.7	-11.0	-32.0	-12.0	-7.9	-5.3

Source: Company (historical figures), DNB Markets (estimates)

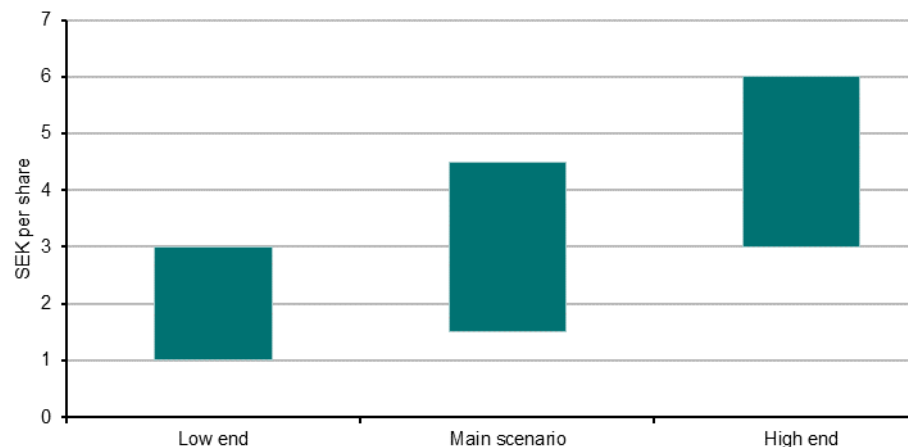
### ANALYST

Patrik Ling

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# Overview

## Valuation (SEK)



Source: FactSet, DNB Markets

## Valuation methodology

- We continue to primarily use a DCF, with a long-term growth rate of 2%, a terminal EBITDA margin of 35%, and a WACC of 10%.
- At the high end of our fair value range, we assume 25% higher sales growth than in our main scenario.
- At the low end of our fair value range, we use 25% lower sales growth than in our main scenario.

Source: DNB Markets

## Downside risks to our fair value

- We believe the largest risk relates to sales growth. At the low end of our fair value range, we assume weaker sales than in our main scenario. Even weaker sales would be a negative.
- We believe the company will need additional financing to reach our long-term forecasts, and this might not be available at acceptable terms.
- The US IDE trial might take longer than expected to complete and be more expensive than estimated.
- The lingering pandemic effects might continue to hurt demand short-term.

Source: DNB Markets

## DNB Markets estimates

- Our main scenario reflects what we view as reasonable sales growth, even though the market has been disappointed by historical sales.
- The company has significantly more clinical data now than in the past, which supports the case.
- We assume the company will complete the US IDE trial and out-license the Episealer system to a US partner. We have not factored in an upfront payment but instead have estimated that the company receives a c30% royalty on sales.

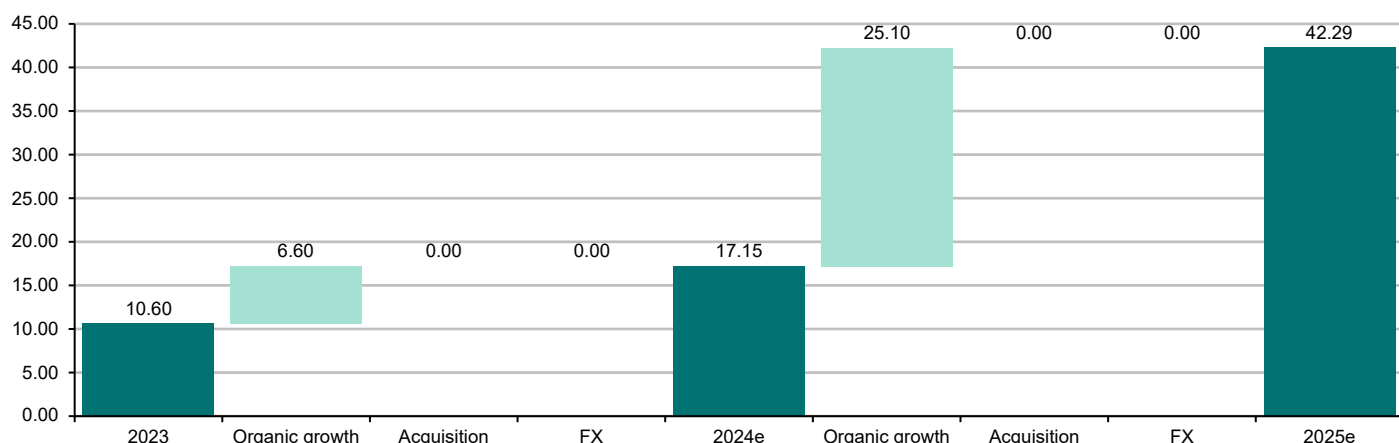
Source: DNB Markets

## Upside risks to our fair value

- Sales might be stronger than we forecast, as the company has more clinical documentation than in the past.
- A US partnership might include better terms than we expect.
- The company could become a takeover target for a larger orthopaedic implant company.

Source: DNB Markets

## Revenue growth bridge 2023–2025e (SEKm)



Source: Company (historical figures), DNB Markets (estimates)

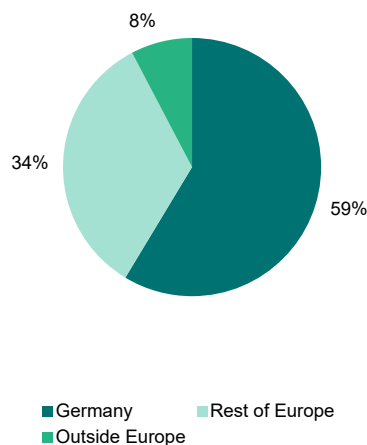
# Company overview and SWOT analysis

## Company description

■ Episurf Medical is a medical technology company focused on small, patient-specific implants for osteoarthritis in the knee, the patellofemoral, the big toe and the talus. Sales are currently generated mostly from the OUS markets and US sales recently started.

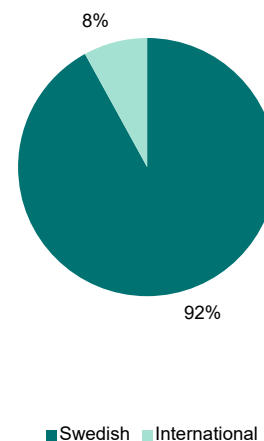
Source: DNB Markets

## Sales by region (2023)



Source: Company

## Ownership split



Source: Holdings.se 2024-02-12

## Financial targets

■ The company does not provide guidance, but has said cash on hand should last throughout 2024.

Source: Company

## Key management

- Pål Ryfors – CEO.
- Veronica Wallin – CFO.
- Katarina Flodström – COO.

Source: Company

## Largest shareholders

- Health runner – 12.97%.
- Avanza Pension – 4.89%.
- Rhenman Partners AM – 4.73%.
- AP 4 fund – 4.68%.
- Sebastian Jahreskog – 4.44%.

Source: Company

## SWOT analysis

### Strengths

■ Episurf Medical has a broad portfolio of implants that are all individualised to the specific patient injury. The small knee implant has been available the longest and the company has strong and long-term documentation for the implant system.

### Opportunities

- As people live longer, relatively non-radical procedures (such as small implants) are wanted as they conserve bone for further orthopaedic procedures down the road.
- New geographical markets are opening up as the company expands its presence in new geographies.
- Clinical data continues to be generated and should continue to support the treatment approach.

Source: DNB Markets

### Weaknesses

■ Sales are still low, and the marketing efforts normally take time before they pay off as the orthopaedic market is somewhat conservative and new concepts take time to establish.

### Threats

■ New biological treatments of early cartilage injuries could decrease the need for small implants.

# ESG overview

## Sustainability assessment

	Positive	Negative
Conclusions	<ul style="list-style-type: none"> <li>■ Episurf Medical's products aim to improve knee health in younger patients with well-defined arthritic injuries. The main drivers for the company are the combination of demographic changes and a lack of suitable alternatives for patients deemed too young for a total knee replacement.</li> <li>■ The implants are individually designed to the patient's anatomy and injury, increasing the likelihood of a successful treatment outcome.</li> <li>■ We believe that general ESG trends could benefit Episurf Medical over time.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company is establishing a new treatment paradigm for knee injuries, but this takes time. Despite the poor treatment alternatives for younger patients, it still takes time to educate surgeons about the new treatment.</li> <li>■ Treatment growth is to a large extent dependent on clinical outcome data, and the company is only now ready with its documentation. This historical lack of data has slowed market uptake.</li> </ul>
Actions being taken by company	<ul style="list-style-type: none"> <li>■ Tailoring implants as well as surgical instruments means a better fit with the patients' needs and a reduced risk of revision surgery.</li> <li>■ The company mainly addresses the UN sustainability goal number 3 "Good health and well-being".</li> </ul>	<ul style="list-style-type: none"> <li>■ The individualisation leads to a higher degree of single-use products (especially related to the surgical tools).</li> <li>■ Although the waste increases due to a high degree of single-use products, the high success rate and the low revision rate should compensate for this.</li> </ul>

### Key ESG drivers

#### Short-term

- All the company's products are aimed at improving health among patients. Thus, they all address the UN's goal 3 of "Good health".
- The Episealer implant system offers treatment to a group of patients who lack suitable alternatives. The documentation on clinical efficacy is rapidly increasing, which we believe will make it easier to convince more orthopaedic surgeons to test the products and ultimately offer this solution to more patients.
- These patients are to a large extent treated with painkillers long-term; a successful Episealer treatment can reduce the need and risks associated with long-term painkiller usage.
- There has been a lack of clinical documentation regarding the outcome for the Episealer implant system, but over the past year more data has emerged, which looks compelling.
- As this is a completely new way of treating patients, it takes time to educate orthopaedic surgeons in this method of treatment.

#### Long-term

- Getting younger patients (c35–40 years) back to good knee health also means that more can resume work, benefiting the overall economy as well as the patients' well-being.
- Access to healthcare differs globally, and patient needs vary from market to market. Episurf Medical's products mainly cater to patients in more developed markets.
- Cost-effectiveness of care should increase in the future as growth in total resources for healthcare is likely to be slower than that in demand.
- New drugs or alternative treatments could have a negative impact on certain therapies, making some of Episurf Medical's current equipment obsolete.

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## Q4 review

The company reported sales in line with our forecast. However, operating expenses were higher than we expected, hence the deviations on EBIT, most notably in the 'Other External Costs' due to the ongoing FDA process and older invoices related to the US PMA trial.

### Q4 2023 outcome and deviations

#### Key highlights

(SEKm, except per share data)

	Actual	Q4 2023		Deviation (%)		Deviation, Abs		Q4 2022
		DNB	Cons.	DNB	Cons.	DNB	Cons.	Actual
Revenues	3.2	3.3	n.m.	-3%	n.a.	-0.1	n.m.	2.0
EBIT reported	-24.0	-16.7	n.m.	-44%	n.a.	-7.3	n.m.	-23.6
EBIT margin (%)	-750%	-506%	n.m.	n.m.	n.a.			-1180%
Net financial items	2.3	0.1	n.m.	n.m.	n.m.	2.2	n.m.	0.0
Pre-tax profit	-21.8	-16.6	n.m.	-31%	n.a.	-5.2	n.m.	-23.6
EPS	-0.08	-0.06	n.m.	-33%	n.a.	0.0	n.m.	-0.09

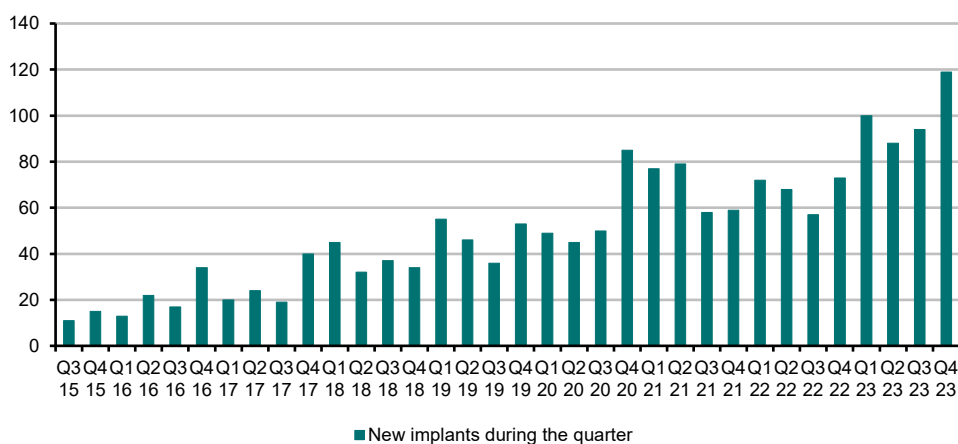
#### Growth YOY

Group sales	60%	65%	n.m.			-5%	n.m.	
EBIT	-2%	29%	n.m.			-31%	n.m.	
EPS	11%	33%	n.m.			-22%	n.m.	

Source: Company data (historical figures) and DNB Markets (estimates).

Even though the sales trajectory has been somewhat volatile in the past, we believe the new implants trend looks more promising.

### New implants in Q4



Source: Company data

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## Forecast changes – P&amp;L

(SEKm)	New			Old			Change		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Revenues	17	42	68	21	41		-4	2	
Cost of sales	0	0	-20	0	-4		0	4	
Gross profit	17	42	48	21	37		-4	6	
Operating expenses	-91	-94	-86	-77	-75		-13	-19	
EBITDA	-65	-43	-29	-48	-30		-17	-13	
EBITDA adj	-65	-43	-29	-48	-30		-17	-13	
EBITDA margin (%)	nm	nm	nm	-227.1	-74.1	nm	nm	nm	nm
Depreciation	-9	-9	-9	-8	-8		0	0	
EBITA	-74	-51	-37	-56	-39		-17	-13	
EBIT	-74	-51	-37	-56	-39		-17	-13	
EBIT adj	-74	-51	-37	-56	-39		-17	-13	
Net interest	3	3	3	0	0		3	3	
Net financial items	3	3	3	0	0		3	3	
PBT	-70	-48	-34	-56	-38		-15	-10	
Net profit	-70	-48	-34	-56	-38		-15	-10	
Adjustments to net profit	0	0	0	0	0		0	0	
Net profit adj	-70	-48	-34	-56	-38		-15	-10	
<i>Per share data (SEK)</i>									
EPS	-0.13	-0.09	-0.06	-0.15	-0.10		0.02	0.01	
EPS adj	-0.13	-0.09	-0.06	-0.15	-0.10		0.02	0.01	
<i>Other key metrics (%)</i>									
Revenue growth	61.8	146.6	60.6	71.7	93.2	nm	-9.8	53.4	nm
EBIT adj growth	nm	nm	nm	-36.1	-31.5	nm	nm	nm	nm
EPS adj growth	nm	nm	nm	-53.7	-31.8	nm	nm	nm	nm
Avg. number of shares (m)	534	534	534	367	367		167	167	
OpFCF	-65	-43	-29	-48	-30		-17	-13	
Working capital	2	5	7	3	5		-1	-1	
NIBD adj	190	139	103	12	171		178	-32	

Source: DNB Markets

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**Annual P&L**

(SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
<b>Revenues</b>	3	4	5	7	7	7	11	17	42	68
Cost of sales	0	0	0	0	0	0	0	0	0	-20
<b>Gross profit</b>	3	4	5	7	7	7	11	17	42	48
Operating expenses	-64	-62	-74	-70	-76	-84	-107	-91	-94	-86
<b>EBITDA</b>	-57	-53	-61	-56	-62	-70	-88	-65	-43	-29
Depreciation	-4	-5	-8	-8	-7	-7	-9	-9	-9	-9
<b>EBITA</b>	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
<b>EBIT</b>	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
Net interest	0	0	-1	-1	0	0	2	3	3	3
Net financial items	0	0	-1	-1	0	0	2	3	3	3
<b>PBT</b>	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
<b>Net profit</b>	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
Net profit adj	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
Avg. number of shares	28	31	67	162	227	267	267	534	534	534
<i>Per share data (SEK)</i>										
EPS	-2.18	-1.87	-1.04	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
<b>EPS adj</b>	-2.18	-1.87	-1.04	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
<i>Growth and margins (%)</i>										
Revenue growth	16.3	39.0	25.6	29.6	-1.4	0.0	53.6	61.8	146.6	60.6
Gross margin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	71.0
Depreciation/revenues	-135.3	-111.6	-138.9	-108.6	-107.2	-107.2	-82.1	-50.7	-20.6	-12.8
EBIT adj margin	-1978.2	-1337.2	-1275.9	-905.7	-1005.8	-1115.9	-913.2	-428.8	-121.6	-55.2

Source: Company (historical figures), DNB Markets (estimates)

**Adjustments to annual P&L**

(SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
<b>EBITDA</b>	-57	-53	-61	-56	-62	-70	-88	-65	-43	-29
EBITDA adj	-57	-53	-61	-56	-62	-70	-88	-65	-43	-29
<b>EBITA</b>	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
EBITA adj	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
<b>EBIT</b>	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
EBIT adj	-61	-58	-69	-63	-69	-77	-97	-74	-51	-37
<b>Net profit</b>	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
Net profit adj	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
<i>Per share data (SEK)</i>										
EPS	-2.18	-1.87	-1.04	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
Recommended adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adj	-2.18	-1.87	-1.04	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06

Source: Company (historical figures), DNB Markets (estimates)

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**Cash flow**

<b>(SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Net profit	-61	-58	-70	-64	-69	-77	-95	-70	-48	-34
Depreciation and amortisation	4	5	8	8	7	7	9	9	9	9
Other non-cash adjustments	0	0	0	1	3	0	1	0	0	0
Change in net working capital	-5	0	3	0	-1	1	1	-2	-2	-2
<b>Cash flow from operations (CFO)</b>	<b>-61</b>	<b>-53</b>	<b>-60</b>	<b>-55</b>	<b>-59</b>	<b>-69</b>	<b>-85</b>	<b>-64</b>	<b>-42</b>	<b>-28</b>
Capital expenditure	0	0	0	-1	0	0	0	0	0	0
Acquisitions/Investments	-7	-10	-6	-5	-7	-11	-10	-10	-10	-10
<b>Cash flow from investing (CFI)</b>	<b>-7</b>	<b>-10</b>	<b>-6</b>	<b>-5</b>	<b>-7</b>	<b>-11</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>
<b>Free cash flow (FCF)</b>	<b>-69</b>	<b>-63</b>	<b>-65</b>	<b>-60</b>	<b>-66</b>	<b>-80</b>	<b>-94</b>	<b>-74</b>	<b>-52</b>	<b>-38</b>
Net change in debt	0	0	0	0	1	1	0	0	0	0
Other	0	1	1	1	0	0	0	1	1	1
<b>Cash flow from financing (CFF)</b>	<b>98</b>	<b>20</b>	<b>62</b>	<b>190</b>	<b>149</b>	<b>-2</b>	<b>-3</b>	<b>201</b>	<b>1</b>	<b>1</b>
<b>Total cash flow (CFO+CFI+CFF)</b>	<b>29</b>	<b>-43</b>	<b>-3</b>	<b>130</b>	<b>83</b>	<b>-83</b>	<b>-97</b>	<b>127</b>	<b>-51</b>	<b>-37</b>
<i>FCFF calculation</i>										
Free cash flow	-69	-63	-65	-60	-66	-80	-94	-74	-52	-38
Less: net interest	0	0	1	1	0	0	-2	-3	-3	-3
Less: acquisitions	7	10	6	5	7	11	10	10	10	10
<b>Growth (%)</b>										
CFO	-9.5	13.9	-12.9	8.4	-8.6	-16.5	-22.3	24.2	34.5	33.1
CFI	-34.4	-29.7	43.3	7.3	-27.5	-72.3	15.2	0.0	0.0	0.0
FCF	-11.7	9.1	-4.2	8.3	-10.2	-22.0	-17.0	21.7	30.1	27.0
CFF	nm	-80.0	217.3	204.7	-21.5	-101.5	-50.0	6181.8	-99.6	0.0

Source: Company (historical figures), DNB Markets (estimates)



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**Balance sheet**

<b>(SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Assets</b>	<b>93</b>	<b>55</b>	<b>58</b>	<b>186</b>	<b>271</b>	<b>197</b>	<b>104</b>	<b>235</b>	<b>189</b>	<b>156</b>
Inventories	2	2	2	2	2	2	4	4	5	5
Trade receivables	1	1	1	1	2	2	1	5	8	12
Other receivables	3	3	2	3	3	2	2	2	2	2
Cash and cash equivalents	71	28	25	155	238	155	58	185	134	97
<b>Current assets</b>	<b>77</b>	<b>34</b>	<b>30</b>	<b>160</b>	<b>244</b>	<b>161</b>	<b>65</b>	<b>196</b>	<b>149</b>	<b>117</b>
Property, plant and equipment	0	0	6	4	3	7	6	6	6	6
Other intangible assets	16	21	22	21	23	30	34	34	34	34
<b>Non-current assets</b>	<b>16</b>	<b>21</b>	<b>28</b>	<b>25</b>	<b>26</b>	<b>36</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>
<b>Total assets</b>	<b>93</b>	<b>55</b>	<b>58</b>	<b>186</b>	<b>271</b>	<b>197</b>	<b>104</b>	<b>235</b>	<b>189</b>	<b>156</b>
<b>Equity and liabilities</b>	<b>93</b>	<b>55</b>	<b>58</b>	<b>186</b>	<b>271</b>	<b>197</b>	<b>104</b>	<b>235</b>	<b>189</b>	<b>156</b>
Total equity to the parent	86	45	41	170	253	178	85	214	166	131
<b>Total equity</b>	<b>86</b>	<b>45</b>	<b>41</b>	<b>170</b>	<b>253</b>	<b>178</b>	<b>85</b>	<b>214</b>	<b>166</b>	<b>131</b>
Trade payables	3	2	6	5	6	4	6	7	8	9
Other payables and accruals	1	2	4	5	1	2	2	2	3	3
Short-term debt	0	3	0	0	2	3	3	3	3	3
<b>Total current liabilities</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>15</b>
Long-term debt	0	0	4	2	4	5	2	2	2	2
Other non-current liabilities	4	4	3	4	5	6	7	7	7	7
<b>Total non-current liabilities</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>Total liabilities</b>	<b>8</b>	<b>10</b>	<b>16</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>23</b>	<b>25</b>
<b>Total equity and liabilities</b>	<b>93</b>	<b>55</b>	<b>58</b>	<b>186</b>	<b>271</b>	<b>197</b>	<b>104</b>	<b>235</b>	<b>189</b>	<b>156</b>
<i>Key metrics</i>										
Net interest bearing debt	71	31	29	157	244	163	63	190	139	103

Source: Company (historical figures), DNB Markets (estimates)

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## Valuation ratios

(SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
<i>Enterprise value</i>										
Share price (SEK)	4.19	2.25	1.17	3.03	4.55	2.35	0.99	1.00	1.00	1.00
Number of shares (m)	27.99	30.87	67.34	162.1	226.6	266.5	267.0	533.8	533.8	533.8
Market capitalisation	117	69	79	491	1,031	626	264	534	534	534
Net interest bearing debt	71	31	29	157	244	163	63	190	139	103
Net interest bearing debt adj	71	31	29	157	244	163	63	190	139	103
EV	189	101	108	648	1,275	789	328	724	673	636
EV adj	189	101	108	648	1,275	789	328	724	673	636
<i>Valuation</i>										
EPS	-2.18	-1.87	-1.04	-0.39	-0.31	-0.29	-0.36	-0.13	-0.09	-0.06
<b>EPS adj</b>	<b>-2.18</b>	<b>-1.87</b>	<b>-1.04</b>	<b>-0.39</b>	<b>-0.31</b>	<b>-0.29</b>	<b>-0.36</b>	<b>-0.13</b>	<b>-0.09</b>	<b>-0.06</b>
P/E	-1.9	-1.2	-1.1	-7.7	-14.9	-8.1	-2.8	-7.6	-11.0	-15.5
P/E adj	-1.9	-1.2	-1.1	-7.7	-14.9	-8.1	-2.8	-7.6	-11.0	-15.5
P/B	1.37	1.55	1.90	2.90	4.08	3.52	3.13	2.49	3.22	4.06
Average ROE	-91.0%	-88.7%	-161.9%	-60.6%	-32.8%	-35.9%	-72.3%	-47.2%	-25.4%	-23.1%
Earnings yield adj	-52.1%	-83.2%	-88.6%	-13.0%	-6.7%	-12.3%	-35.9%	-13.2%	-9.1%	-6.4%
EV/SALES	60.95	23.38	19.92	92.60	184.72	114.34	30.90	42.21	15.92	9.37
EV/SALES adj	60.95	23.38	19.92	92.60	184.72	114.34	30.90	42.21	15.92	9.37
EV/EBITDA	-3.3	-1.9	-1.8	-11.6	-20.6	-11.3	-3.7	-11.2	-15.8	-22.1
EV/EBITDA adj	-3.3	-1.9	-1.8	-11.6	-20.6	-11.3	-3.7	-11.2	-15.8	-22.1
EV/EBIT	-3.1	-1.7	-1.6	-10.2	-18.4	-10.2	-3.4	-9.8	-13.1	-17.0
EV/EBIT adj	-3.1	-1.7	-1.6	-10.2	-18.4	-10.2	-3.4	-9.8	-13.1	-17.0
EV/NOPLAT	-3.1	-1.7	-1.6	-10.2	-18.4	-10.2	-3.4	-9.8	-13.1	-17.0
EV/OpFCF (taxed)	-3.3	-1.9	-1.8	-11.5	-20.7	-11.4	-3.7	-11.2	-15.8	-22.1

Source: Company (historical figures), DNB Markets (estimates)

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## Key accounting ratios

	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
<i>Profitability (%)</i>										
ROA	-79.6	-78.1	-124.1	-52.5	-30.3	-33.0	-62.9	-41.5	-22.8	-20.0
<i>Return on invested capital (%)</i>										
Net PPE/revenues	6.5	2.3	111.1	61.4	47.8	97.1	52.8	32.6	13.2	8.2
Working capital/revenues	58.2	48.8	-87.0	-67.1	-13.0	-7.2	-8.5	10.5	10.6	10.6
<i>Cash flow ratios (%)</i>										
FCF/revenues	-2227.3	-1455.8	-1207.4	-854.3	-955.1	-1165.2	-887.7	-429.4	-121.8	-55.3
FCF yield (%)	-52.4	-76.2	-75.8	-11.2	-5.7	-11.0	-32.0	-12.0	-7.9	-5.3
CFO/revenues	-1985.6	-1230.2	-1105.6	-781.4	-860.9	-1002.9	-798.1	-374.0	-99.3	-41.3
CFO/market capitalisation	-52.4	-76.2	-75.8	-11.1	-5.8	-11.0	-32.0	-12.0	-7.9	-5.3
CFO/capex	-187892.4			-10940.0	14850.0	69200.0				
CFO/current liabilities	-1574.9	-881.7	-621.9	-541.6	-638.7	-795.4	-776.1	-530.2	-313.5	-191.1
Cash conversion ratio	112.7	108.3	93.4	93.6	95.2	104.0	99.3	104.5	106.6	109.3
Capex/revenues	1.1	0.0	0.0	7.1	-5.8	-1.4	0.0	0.0	0.0	0.0
Capex/depreciation	0.8	0.0	0.0	6.6	-5.4	-1.4	0.0	0.0	0.0	0.0
OpFCF margin	-1843.9	-1225.6	-1137.0	-804.3	-892.8	-1007.2	-831.1	-378.1	-101.0	-42.4
<i>Leverage and solvency (x)</i>										
Interest cover	nm	-81.57	-45.53	nm	nm	nm	nm	nm	nm	nm
Cash coverage	978.12	-175.67	-68.22	-111.60	310.00	-348.00	40.05	20.94	13.79	9.29
Net debt/EBITDA	-1.25	-0.59	-0.47	-2.82	-3.93	-2.34	-0.72	-2.93	-3.26	-3.57
Total debt/total capital (BV)	0.00	0.05	0.06	0.01	0.02	0.04	0.05	0.02	0.03	0.03
LTD / (LTD + equity (MV))	0.00	0.00	0.04	0.00	0.00	0.01	0.01	0.00	0.00	0.00
<i>Cash conversion cycle</i>										
Inventory turnover days	high	high	high	high	high	high	high	high	high	96.3
Receivables turnover days	472.0	322.6	209.5	177.3	232.8	201.0	117.1	146.8	89.8	74.7
Credit period	high	high	high	high	high	high	high	high	high	168.5
Cash conversion cycle	high	high	high	high	high	high	high	high	high	2.5

Source: Company (historical figures), DNB Markets (estimates)

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## Important Information

Company: Episurf Medical  
 Coverage by Analyst: Patrik Ling  
 Date: 12/2/2024

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DNB Markets client	29%	8%	2%	3%	149

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