

# ISOFOL MEDICAL

## Enters into licensing deal for Japan

Isofol Medical today announced it has entered into a licencing agreement with Solasia Pharma for the development and commercialisation of its main asset arfolitixorin in Japan. It will receive cUSD100m in upfront and sales-related payments, with additional double-digit royalties. We view today's announcement as an important commercial milestone and believe it speaks favourably about management's ability to deliver despite difficulties relating to Covid-19. We have updated our out-licencing scenario and increased the share count; we have raised our fair value to SEK10–23 (8–22).

**Enters licensing agreement with Solasia Pharma.** Under the terms of the agreement, Isofol Medical remains responsible for the clinical development of arfolitixorin, while Solasia will supervise development as well as being responsible for filing and commercialisation in Japan. The company will receive cUSD100m, which includes an upfront payment and unspecified development, regulatory and sales-based milestones. It is also entitled to "solid double-digit" sales-related royalties. The company was reluctant to further specify the structure of the deal, referring to other ongoing discussions. We assume the deal to be back-end loaded, with a low single-digit upfront payment. The news was well received by the market and the stock soared c34% on the announcement.

**Executing on strategy despite Covid-19 related difficulties.** We find it encouraging that management has delivered on the goal of finding a partner despite the difficulties relating to Covid-19. We also view the deals as a validation of arfolitixorin. From the market's perspective, the lack of information of the structure of the deal might be viewed negatively, however we would point out that it is positive that the company is engaged in other potential partnership discussions.

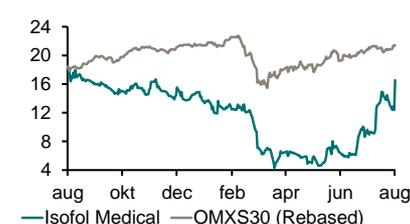
**Unclear deal structure and timing clouds visibility.** Our out-licencing scenario now assumes cUSD450m in milestones and sales-related payments for the US, EU5 and Japan, with an average royalty-rate of 20%. We suspect that our royalty estimate is on the low side, and that the royalty rate in Japan is higher. However, given that deals in other markets might be structured differently, and the low visibility in the agreement's terms, we have chosen to adopt a cautious stance for now. The 'do-it-alone' scenario still assumes Isofol Medical will launch in the US and EU5 on its own, but now also includes the licencing deal for Japan.

**Our new fair value is SEK10–23.** In addition to the new market assumptions, we have included the additional shares issued as a part of the over-allotment exercised in relation to the recent rights issue. We have raised our R&D cost assumption as well to reflect the planned increase in sites in Japan, which should support filing.

Year-end Dec	2016	2017	2018	2019	2020e	2021e	2022e
Revenue (SEKm)	1	0	nm	0	54	0	5
EBITDA adj (SEKm)	-64	-72	-90	-165	-134	-185	-33
EBIT adj (SEKm)	-64	-72	-90	-166	-136	-186	-35
PTP (SEKm)	-64	-72	-83	-160	-131	-181	-30
EPS rep (SEK)	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38
EPS adj (SEK)	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38
Revenue growth (%)	171.9	-55.3	nm	nm	50467.3	-99.8	4672.9

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

ISOFOL versus OMXS30 (12m)



Source: Factset

### SUMMARY

Share price (SEK) 16.6  
 Tickers ISOFOL SS, ISOFOL.ST

### CAPITAL STRUCTURE

NIBD adj end-2020e (SEKm) 0

Source: Company, DNB Markets (estimates)

Note: Unless otherwise stated, the share prices in this note are the last closing price.

### NEXT EVENT

Q2 2020 report 21/08/2020

### ESTIMATE CHANGES (SEK)

Year-end Dec	2020e	2021e	2022e
Sales (old)	0.00	0.00	0.00
Sales (new)	54.11	0.11	5.11
Change (%)	nm	nm	nm
EPS (old)	-2.49	-2.21	-0.48
EPS (new)	-1.59	-2.19	-0.38
Change (%)	nm	nm	nm

Source: DNB Markets,

This report has been commissioned and paid for by the company, and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

### ANALYSTS

David Martinsson

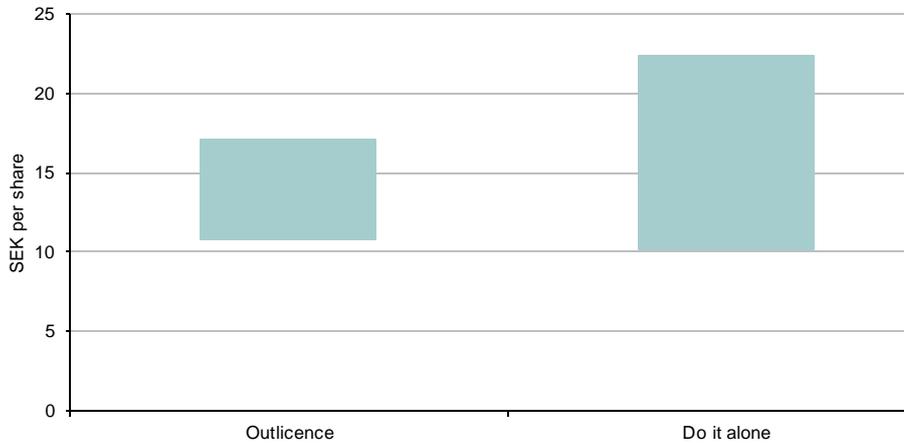
Patrik Ling

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# Overview

## Valuation (SEK)



Source: DNB Markets

## Valuation methodology

- We continue to use a risk-adjusted DCF with two main scenarios: 1) the company out-licenses the drug after phase III; and 2) it builds a sales organisation and takes the drug to market on its own. We discount the value in our model with a WACC of 10%, and the LOA is 23.2%.
- In our out-licensing scenario, we assume 20% royalties and USD450m of upfront and sales-related milestones.
- In our 'do it alone' scenario, we assume the company will launch in the US and EU5 on its own.

Source: DNB Markets

## Downside risks to our fair value

- Risks to our base case are mainly related to the clinical development of arfoltixorin. There is always a risk that development programmes experience delays or weaker data than expected.
- It might be more difficult than we expect to strike an out-licensing deal on acceptable terms.
- There is high execution risk in our 'do it alone' scenario, which includes the company building a proprietary sales organisation.
- Ongoing phase III trial is halted or delayed due to Covid-19.

Source: DNB Markets

## DNB Markets estimates

- We have included a price for arfoltixorin of USD3k per patient/month in the US and half of that elsewhere.
- We assume an overall penetration rate of 8–17% (depending on the scenario). This assumption is based on 365,000 patients treated with folate-based chemotherapy in the US, the five largest EU markets, and Japan.

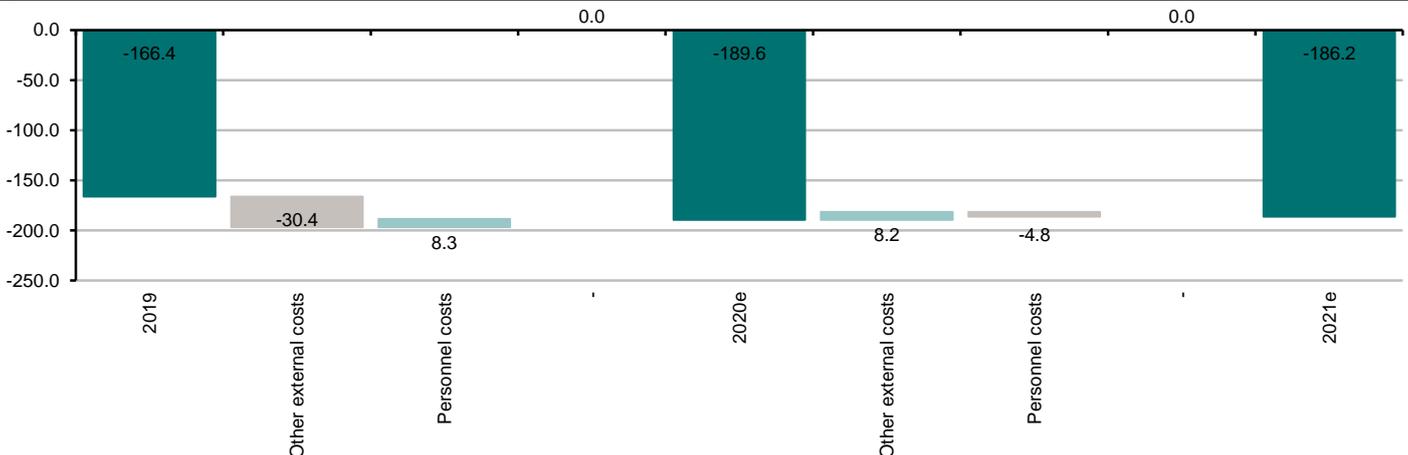
Source: DNB Markets

## Upside risks to our fair value

- If the clinical development is more successful than we expect, there is potential for the company to charge more for arfoltixorin than we have factored into our calculations.
- Stronger data than expected could also increase the market penetration to well above the levels we assume.
- An out-licensing deal could be at better terms than we assume.

Source: DNB Markets

## Operating cost base bridge 2019–2021e (SEKm)



Source: DNB Markets (forecasts), company (historical data)

## ESG overview

### Sustainability assessment

	Positive	Negative
Conclusions	<ul style="list-style-type: none"> <li>■ Isofol Medical is developing a new therapy for metastatic colorectal cancer, an area where there is a substantial unmet medical need.</li> <li>■ In this current development stage, the company's operations pose no particular environmental risks.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company has yet to publish any corporate social responsibility reports.</li> <li>■ Isofol Medical's business model for getting its product to the market is based on out-licensing the product to a global pharmaceutical company, which limits the company's ability to impact ESG policies and access to health.</li> <li>■ Developing new drugs is costly, time-consuming, and very risky.</li> </ul>
Actions being taken by company	<ul style="list-style-type: none"> <li>■ The company conducts its operations in accordance with health and safety regulations and offers employees a safe and healthy work environment.</li> <li>■ Isofol Medical works proactively to minimise its environmental footprint and to contribute to sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company conducts testing on animals, which is a regulatory requirement in order to proceed to clinical trials in humans.</li> <li>■ Animal models do not always predict – in a representative way – the potential effects in humans, hence some risks remain.</li> </ul>

### Key ESG drivers

Short-term	<ul style="list-style-type: none"> <li>■ The company does not yet have any products on the market and thus the environmental focus is more towards supply and manufacturing of drug candidates for clinical trials rather than the market.</li> <li>■ 62% of the company's employees are women and 38% are men.</li> </ul>	<ul style="list-style-type: none"> <li>■ Board gender inequality – 2 of 7 (c29%) members are women.</li> <li>■ Isofol Medical has yet to publish any corporate social responsibility reports.</li> </ul>
Long-term	<ul style="list-style-type: none"> <li>■ The management team is qualified to lead Isofol Medical at this stage as well as into the continued development of the company.</li> <li>■ Isofol Medical's aim is to contribute to sustainable development and work proactively to improve and minimise its environmental footprint.</li> </ul>	<ul style="list-style-type: none"> <li>■ Isofol Medical is to a great extent dependent on key personnel. The ability to recruit and retain qualified personnel is of the utmost importance to ensure the competence level in the company.</li> <li>■ The company's business model is based on out-licensing, which limits its impact on access to health and visibility in pricing matters.</li> </ul>

Source: DNB Markets

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## Sustainability assessment

	Risk	Company's risk mitigation
<b>Transition risks</b>		
Policy and legal	<ul style="list-style-type: none"> <li>■ Isofol Medical operates in a highly regulated environment and must comply with laws and regulations governing production, research, marketing, and reimbursement.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company carefully monitors all laws and regulations in order to ensure that it adheres to all requirements and stays on top of new regulations as they evolve.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>■ Theft of sensitive patient data and intellectual property data through hacking.</li> </ul>	<ul style="list-style-type: none"> <li>■ Appropriate data management, which is essential to secure the integrity of sensitive information.</li> </ul>
Market	<ul style="list-style-type: none"> <li>■ There is increasing pressure stemming from both healthcare reforms and government initiatives to lower prices.</li> </ul>	<ul style="list-style-type: none"> <li>■ Isofol Medical has performed a number of market surveys to determine a viable price for arfolitixorin and also begun work on establishing the value to payers based on these pricing assumptions.</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>■ The use of laboratory animals is a controversial matter and may cause reputational harm, despite being a regulatory requirement.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company complies with regulatory requirements and ensures experiments are designed with the intent to reduce and refine.</li> </ul>
<b>Physical risk</b>		
Acute	<ul style="list-style-type: none"> <li>■ Therapy-related severe adverse events.</li> </ul>	<ul style="list-style-type: none"> <li>■ Isofol designs clinical programmes to maximise the potential benefits for the intended patient populations while minimising risk.</li> </ul>
Chronic	<ul style="list-style-type: none"> <li>■ Emergence of new therapeutic approaches that pose a significant competitive risk against Isofol Medical's drug candidate.</li> </ul>	<ul style="list-style-type: none"> <li>■ Mapping of the relevant competitive landscape. Incorporation of scientific advisory and competitive intelligence resources.</li> </ul>

Source: DNB Markets

## Sustainability assessment

	Opportunities	Company's utilisation of opportunity
Resource efficiency	<ul style="list-style-type: none"> <li>■ The current operations pose no particular environmental risk, nor require any permits. However, the company uses other services (i.e. contract manufacturing of drug substance for clinical trials, transportation etc.) where there could be a potential impact on the environment.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company works proactively to improve and reduce its environmental footprint as far as it is feasible and economically viable.</li> </ul>
Products/Services	<ul style="list-style-type: none"> <li>■ As the company does not have any sales at this time, its products do not have an environmental impact in terms of GHG emissions.</li> </ul>	<ul style="list-style-type: none"> <li>■ Isofol Medical's areas of environmental impact pertain to the purchase of goods and services, energy consumption and transportation.</li> </ul>
New markets	<ul style="list-style-type: none"> <li>■ Isofol Medical aims to broaden the market potential for arfolitixorin by examining the possibility to include additional countries in the ongoing phase III study.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company filed a clinical trial notification with the Japanese regulatory authorities and received approval to commence its phase III clinical studies at Japanese sites.</li> </ul>
Supply chain resilience	<ul style="list-style-type: none"> <li>■ Not relevant at this time, as the company does not have any products on the market yet.</li> </ul>	<ul style="list-style-type: none"> <li>■ Not relevant yet.</li> </ul>

Source: DNB Markets

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## Forecast changes – P&amp;L

(SEKm)	New			Old			Change		
	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
Revenues	54	0	5	0	0	0	54	0	5
Cost of sales	0	0	-1		0	0		0	-1
Gross profit	54	0	5	0	0	0	54	0	5
Operating expenses	-190	-186	-39	-190	-168	-39	0	-18	0
EBITDA	-134	-185	-33	-188	-167	-38	54	-18	5
EBITDA adj	-134	-185	-33	-188	-167	-38	54	-18	5
EBITDA margin (%)	nm	nm	nm	high	high	high	nm	nm	nm
Depreciation	-2	-2	-2	-2	-2	-2	0	0	0
EBITA	-136	-186	-35	-190	-168	-39	54	-18	5
EBIT	-136	-186	-35	-190	-168	-39	54	-18	5
EBIT adj	-136	-186	-35	-190	-168	-39	54	-18	5
Net interest	5	5	5	5	5	5	0	0	0
Net financial items	5	5	5	5	5	5	0	0	0
PBT	-131	-181	-30	-185	-163	-34	54	-18	5
Taxes	0	0	0		0	0		0	0
Net profit	-131	-181	-30	-185	-163	-34	54	-18	5
Adjustments to net profit	0	0	0	0	0	0	0	0	0
Net profit adj	-131	-181	-30	-185	-163	-34	54	-18	5
<i>Per share data (SEK)</i>									
EPS	-1.59	-2.19	-0.38	-2.49	-2.21	-0.48	0.91	0.01	0.10
EPS adj	-1.59	-2.19	-0.38	-2.49	-2.21	-0.48	0.91	0.01	0.10
<i>Other key metrics (%)</i>									
Revenue growth	50467.3	-99.8	4672.9	-100.0	nm	nm	50567.3	nm	nm
EBIT adj growth	nm	nm	nm	14.1	-11.3	-76.7	nm	nm	nm
EPS adj growth	nm	nm	nm	-50.6	-11.5	-78.2	nm	nm	nm
Capex	0	0	0	0	0	0	0	0	0
OpFCF	-134	-185	-33	-188	-167	-38	54	-18	5
Working capital	-30	-30	-30	-30	-30	-30	0	0	0
NIBD adj	0	0	0	0	0	0	0	0	0

Source: DNB Markets

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## Annual P&amp;L

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
<b>Revenues</b>	0	0	0	1	0	0	0	54	0	5
Cost of sales	0	0	0	0	0	0	0	0	0	-1
<b>Gross profit</b>	0	0	0	1	0	0	0	54	0	5
Operating expenses	-35	-32	-41	-64	-73	-90	-166	-190	-186	-39
<b>EBITDA</b>	<b>-35</b>	<b>-32</b>	<b>-40</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-165</b>	<b>-134</b>	<b>-185</b>	<b>-33</b>
Depreciation	0	0	0	0	0	0	-2	-2	-2	-2
<b>EBITA</b>	<b>-35</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-166</b>	<b>-136</b>	<b>-186</b>	<b>-35</b>
<b>EBIT</b>	<b>-35</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-166</b>	<b>-136</b>	<b>-186</b>	<b>-35</b>
Net interest	0	0	0	0	1	7	6	5	5	5
Net financial items	0	0	0	0	1	7	6	5	5	5
<b>PBT</b>	<b>-35</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-83</b>	<b>-160</b>	<b>-131</b>	<b>-181</b>	<b>-30</b>
Taxes	2	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	5	0	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>-34</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-83</b>	<b>-160</b>	<b>-131</b>	<b>-181</b>	<b>-30</b>
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-34	-32	-41	-64	-72	-83	-160	-131	-181	-30
<i>Per share data (SEK)</i>										
EPS	-1.07	-1.00	-1.29	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38
<b>EPS adj</b>	<b>-1.07</b>	<b>-1.00</b>	<b>-1.29</b>	<b>-2.03</b>	<b>-2.28</b>	<b>-2.63</b>	<b>-5.04</b>	<b>-1.59</b>	<b>-2.19</b>	<b>-0.38</b>
<i>Growth and margins (%)</i>										
Revenue growth	nm	nm	nm	171.9	-55.3	nm	nm	50467.3	-99.8	4672.9
EPS adj growth	nm									
Gross margin	100.0	nm	100.0	100.0	100.0	nm	100.0	100.0	100.0	90.2
EBITDA margin	nm									
EBITDA adj margin	nm									
Depreciation/revenues	-153.9	nm	-59.1	-26.0	-66.1	nm	-1452.3	-3.0	-1521.5	-31.9
EBIT margin	nm									
EBIT adj margin	nm	-250.5	nm	-678.1						
PBT margin	nm									
Net profit margin	nm									

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

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## Adjustments to annual P&amp;L

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
<b>EBITDA</b>	<b>-35</b>	<b>-32</b>	<b>-40</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-165</b>	<b>-134</b>	<b>-185</b>	<b>-33</b>
EBITDA adj	-35	-32	-40	-64	-72	-90	-165	-134	-185	-33
<b>EBITA</b>	<b>-35</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-166</b>	<b>-136</b>	<b>-186</b>	<b>-35</b>
EBITA adj	-35	-32	-41	-64	-72	-90	-166	-136	-186	-35
<b>EBIT</b>	<b>-35</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-90</b>	<b>-166</b>	<b>-136</b>	<b>-186</b>	<b>-35</b>
EBIT adj	-35	-32	-41	-64	-72	-90	-166	-136	-186	-35
<b>Net profit</b>	<b>-34</b>	<b>-32</b>	<b>-41</b>	<b>-64</b>	<b>-72</b>	<b>-83</b>	<b>-160</b>	<b>-131</b>	<b>-181</b>	<b>-30</b>
Tax adjustments	0	0	0	0	0	0	0	0	0	0
Net profit adj	-34	-32	-41	-64	-72	-83	-160	-131	-181	-30
<i>Per share data (SEK)</i>										
EPS	-1.07	-1.00	-1.29	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38
Recommended adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adj	-1.07	-1.00	-1.29	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38

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

## Cash flow

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net profit	-34	-32	-41	-64	-72	-83	-160	-131	-181	-30
Other non-cash adjustments			0	0	0	-11	3	-5	2	2
Change in net working capital			4	7	10	2	11	1	0	0
<b>Cash flow from operations (CFO)</b>			<b>-37</b>	<b>-57</b>	<b>-62</b>	<b>-92</b>	<b>-144</b>	<b>-132</b>	<b>-178</b>	<b>-26</b>
Capital expenditure			0	-1	0	0	0	0	0	0
<b>Cash flow from investing (CFI)</b>			<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Free cash flow (FCF)</b>			<b>-37</b>	<b>-57</b>	<b>-62</b>	<b>-92</b>	<b>-144</b>	<b>-132</b>	<b>-178</b>	<b>-26</b>
Net change in debt			0	0	0	0	-1	-1	-1	0
Other			0	0	0	3	-1	1	-5	-5
<b>Cash flow from financing (CFF)</b>			<b>38</b>	<b>69</b>	<b>400</b>	<b>8</b>	<b>-1</b>	<b>156</b>	<b>180</b>	<b>-5</b>
<b>Total cash flow (CFO+CFI+CFF)</b>			<b>1</b>	<b>12</b>	<b>338</b>	<b>-84</b>	<b>-146</b>	<b>24</b>	<b>2</b>	<b>-31</b>
<i>FCFF calculation</i>										
Free cash flow			-37	-57	-62	-92	-144	-132	-178	-26
Less: net interest	0	0	0	0	-1	-7	-6	-5	-5	-5
<b>Growth (%)</b>										
CFO	nm	nm	nm	-55.0	-8.8	-49.5	-56.4	8.1	-34.4	85.1
CFI	nm	nm	nm	-432.8	89.7	100.0	nm	100.0	nm	nm
FCF	nm	nm	nm	-56.4	-7.6	-49.3	-56.8	8.3	-34.4	85.1
CFF	nm	nm	nm	83.9	477.6	-98.1	-119.0	10706.4	15.1	-102.7
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

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

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## Balance sheet

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
<b>Assets</b>	<b>25</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>362</b>	<b>289</b>	<b>146</b>	<b>173</b>	<b>175</b>	<b>143</b>
Trade receivables	0	0	0	0	0	0	0	0	0	0
Other receivables	1	2	2	2	2	10	9	10	10	10
Current financial assets	0	0	1	1	1	1	1	2	2	2
Cash and cash equivalents	23	6	7	19	357	273	127	151	153	122
<b>Current assets</b>	<b>25</b>	<b>8</b>	<b>9</b>	<b>22</b>	<b>361</b>	<b>284</b>	<b>137</b>	<b>163</b>	<b>165</b>	<b>134</b>
Property, plant and equipment	0	0	0	0	0	0	4	4	4	4
Other intangible assets	1	1	0	0	0	0	0	0	0	0
Non-current financial assets	0	0	0	0	0	4	5	5	5	5
<b>Non-current assets</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Total assets</b>	<b>25</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>362</b>	<b>289</b>	<b>146</b>	<b>173</b>	<b>175</b>	<b>143</b>
<b>Equity and liabilities</b>	<b>25</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>362</b>	<b>289</b>	<b>146</b>	<b>173</b>	<b>175</b>	<b>143</b>
Total equity to the parent	12	5	2	6	343	265	105	129	132	100
<b>Total equity</b>	<b>12</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>343</b>	<b>265</b>	<b>105</b>	<b>129</b>	<b>132</b>	<b>100</b>
Trade payables	4	2	5	12	13	12	20	22	22	22
Other payables and accruals	4	1	2	4	4	10	16	18	18	18
Short-term debt	5	0	1	1	1	1	2	2	2	2
<b>Total current liabilities</b>	<b>13</b>	<b>4</b>	<b>8</b>	<b>17</b>	<b>18</b>	<b>24</b>	<b>39</b>	<b>42</b>	<b>42</b>	<b>42</b>
Long-term debt	0	0	0	0	0	0	3	2	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>13</b>	<b>4</b>	<b>8</b>	<b>17</b>	<b>18</b>	<b>24</b>	<b>42</b>	<b>44</b>	<b>43</b>	<b>43</b>
<b>Total equity and liabilities</b>	<b>25</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>362</b>	<b>289</b>	<b>146</b>	<b>173</b>	<b>175</b>	<b>143</b>

## Key metrics

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

## Valuation ratios

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
<i>Enterprise value</i>										
Share price (SEK)					15.73	17.17	14.51	16.55	16.55	16.55
Net interest bearing debt adj	0	0	0	0	0	0	0	0	0	0
<i>Valuation</i>										
EPS	-1.07	-1.00	-1.29	-2.03	-2.28	-2.63	-5.04	-1.59	-2.19	-0.38
<b>EPS adj</b>	<b>-1.07</b>	<b>-1.00</b>	<b>-1.29</b>	<b>-2.03</b>	<b>-2.28</b>	<b>-2.63</b>	<b>-5.04</b>	<b>-1.59</b>	<b>-2.19</b>	<b>-0.38</b>
P/E					-6.9	-6.5	-2.9	-10.4	-7.5	-44.0
P/E adj					-6.9	-6.5	-2.9	-10.4	-7.5	-44.0
Average ROE		-383.1%	-1304.8%	-1637.6%	-41.1%	-27.3%	-86.5%	-111.9%	-139.2%	-25.6%

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

13 August 2020

## Key accounting ratios

	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
<i>Profitability (%)</i>										
ROA		-186.2	-434.2	-386.7	-37.4	-25.5	-73.6	-81.8	-104.3	-18.7
<i>Return on invested capital (%)</i>										
Net PPE/revenues	12.0		69.8	33.7	83.3		4143.9	8.1	4109.3	86.1
Working capital/revenues	-6492.7		-3024.7	-2770.7	-6492.1		-26091.6	-54.8	-27711.9	-580.6
<i>Cash flow ratios (%)</i>										
FCF/revenues			-19634.5	-11292.9	-27188.5		-134991.6	-244.8	-166299.5	-517.7
CFO/revenues			-19561.1	-11149.2	-27155.5		-134672.0	-244.8	-166299.5	-517.7
CFO/capex			-26676.4	-7758.6	-82190.7		-42134.2			
CFO/current liabilities			-432.5	-337.3	-338.0	-391.4	-371.4	-312.0	-419.2	-62.3
Cash conversion ratio			90.4	89.8	85.9	111.1	90.3	101.4	98.2	89.0
Capex/revenues			73.3	143.7	33.0		319.6	0.0	0.0	0.0
Capex/depreciation			124.1	553.0	50.0	0.0	22.0	0.0	0.0	0.0
OpFCF margin	-33371.0		-21728.0	-12693.5	-31877.5		-154240.2	-247.5	-172432.2	-646.2
<i>Leverage and solvency (x)</i>										
Interest cover	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT/interest payable	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBITA adj/interest payable	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cash coverage	-558.07	1361.45	-44216.52	-63753.00	130.95	13.32	26.47	27.14	37.39	6.69
Total debt/total capital (BV)	0.21	0.04	0.12	0.03	0.00	0.00	0.03	0.02	0.02	0.02
<i>Cash conversion cycle</i>										
Receivables turnover days	4811.3	nm	3167.7	1512.5	4019.8	nm	29834.5	70.5	35669.4	747.3
Credit period	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

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

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## Important Information

Company: Isofol Medical  
 Coverage by Analyst: David Martinsson  
 Date: 13/08/2020

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13 August 2020

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