

EPISURF MEDICAL

Market improving post-Covid

We expected soft Q1 sales due to the Omicron wave in early Q1. However, sales exceeded our forecast, and the company said demand improved in the latter part of the quarter and into April, which we find encouraging. The development of its product pipeline looks on track, and we expect 510(k) clearance for the patellofemoral system in the US in mid-2022. The EPIC knee trial (for the US PMA) is still delayed, but we understand the company is working on improving recruitment. We reiterate our fair value of SEK3.3–9.3.

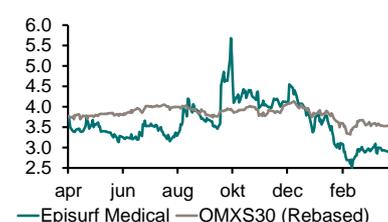
Q1 sales beat. Sales were SEK1.6m, 33% above our forecast. Elective orthopaedic surgery has been hit hard by the pandemic, and we feared the Omicron wave would have a negative impact. However, demand started to normalise in the latter part of the quarter, and total sales for the quarter were flat YOY. The company also commented that the improved demand continued into April, which is a good sign we believe.

Recruitment for EPIC knee trial still delayed. As highlighted previously, the EPIC knee trial – the US PMA trial for the Episealer knee system in the US market – has found it difficult to recruit patients, and these challenges continued in Q1. However, we understand the company is actively engaging the FDA and other key stakeholders to improve recruitment. We believe one issue is that the FDA wants the trial to be randomised against micro-fracturation, which could lead to patients who have already failed the treatment previously to be randomly directed to it again. We suspect one solution could be to change the comparator or to remove the randomisation.

Product portfolio and geographical footprint developing well. The company is developing its geographical presence through new distributors in new markets, and with markets starting to open up post-Covid, Q1 saw the first procedure planned in Saudi Arabia as well as the first Talus procedure planned in Belgium, among others. Furthermore, the registration process for the patellofemoral system in the US was recently re-submitted and we expect 510(k) clearance by mid-2022.

Fair value of SEK3.3–9.3 reiterated. With sales and order having been hit by the pandemic, we see the recovery trends seen in the latter part of Q1 and early April continuing in Q2 as a potential share-price catalyst. We have made only minor changes to our forecasts following the results, but believe the risk this year is clearly on the upside if these trends continue.

EPISB versus OMXS30 (12m)



Source: Factset

SUMMARY

Share price (SEK)	2.52
Tickers	EPISB SS

CAPITAL STRUCTURE

No. of shares (m)	266.5
No. of shares fully dil. (m)	266.5
Market cap. (SEKm)	670
NIBD adj end-2022e (SEKm)	173
Enterprise value adj (SEKm)	843
Net debt/EBITDA adj (x)	-2.68
Free float (%)	100

Source: Company, DNB Markets (estimates)

NEXT EVENT

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ESTIMATE CHANGES (SEK)

Year-end Dec	2022e	2023e	2024e
Sales (old)	9.88	17.08	28.06
Sales (new)	9.88	17.08	28.06
Change (%)	0.0	0.0	0.0
EPS adj (old)	-0.28	-0.27	-0.26
EPS adj (new)	-0.27	-0.26	-0.25
Change (%)	nm	nm	nm

Source: DNB Markets, SME Direkt

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Year-end Dec	2018	2019	2020	2021	2022e	2023e	2024e
Revenue (SEKm)	4	5	7	7	10	17	28
EBITDA adj (SEKm)	-53	-61	-56	-62	-65	-63	-60
EBIT adj (SEKm)	-58	-69	-63	-69	-72	-70	-67
PTP (SEKm)	-58	-70	-64	-69	-72	-70	-67
EPS rep (SEK)	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
EPS adj (SEK)	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
Revenue growth (%)	39.0	25.6	29.6	-1.4	43.1	72.9	64.3
EV/Sales adj (x)	23.38	19.92	92.60	185.23	85.39	45.15	25.01
P/Book (x)	1.55	1.90	2.90	4.02	3.63	5.84	14.02
FCF yield (%)	-76.2	-75.8	-11.2	-6.2	-9.9	-9.7	-9.2

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

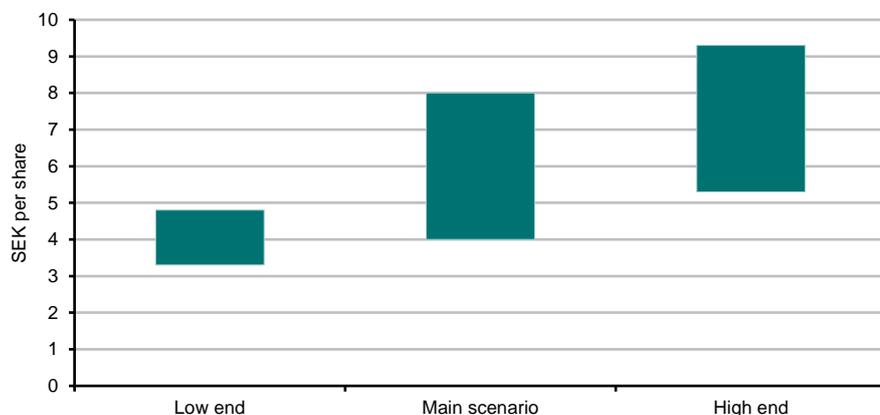
ANALYSTS

Patrik Ling

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Overview

Valuation (SEK)



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.
- Covid-19 might continue to hurt demand short-term.

Source: DNB Markets

DNB Markets estimates

- We believe our main scenario includes 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

Valuation methodology

- We continue to primarily use a DCF, with a long-term growth rate of 1%, a terminal EBIT margin of 60%, 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.

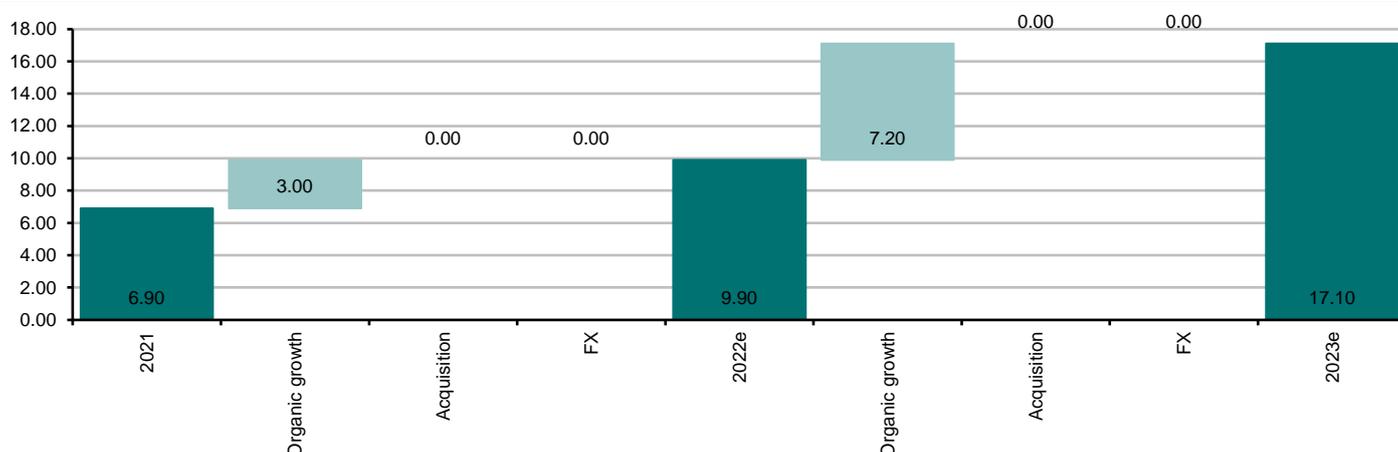
Source: DNB Markets

Upside risks to our fair value

- Sales might be stronger than we forecast, as the company has clearly 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

Sales growth bridge 2021–2023e (SEKm)



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

ESG overview

Sustainability assessment

	Positive	Negative
Conclusions	<ul style="list-style-type: none"> ■ 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. ■ The implants are individually designed to the patient's anatomy and injury, increasing the likelihood of a successful treatment outcome. ■ We believe that general ESG trends could benefit Episurf Medical over time. 	<ul style="list-style-type: none"> ■ 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. ■ 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.
Actions being taken by company	<ul style="list-style-type: none"> ■ Tailoring implants as well as surgical instruments means a better fit with the patients' needs and a reduced risk of revision surgery. ■ The company mainly addresses the UN sustainability goal number 3 "Good health and well-being". 	<ul style="list-style-type: none"> ■ The individualisation leads to a higher degree of single-use products (especially related to the surgical tools). ■ 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.

Key ESG drivers

Short-term

- All the company's products, in one way or the other, 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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Sustainability assessment

	Risk	Company's risk mitigation
Transition risks		
Policy and legal	<ul style="list-style-type: none"> Changes in reimbursement systems can have a significant impact on its operations from time to time. Other regulations such as MRD and FDA approvals can take time and affect the company's ability to market its products. 	<ul style="list-style-type: none"> All products have been recently re-certified in Europe, meaning that certification according to the MDR is not critical until 2024.
Technology	<ul style="list-style-type: none"> The Episealer implant system and surgical instruments are difficult for the competition to copy. There are other implant systems available, but they are not patient-specific. 	<ul style="list-style-type: none"> There are no direct technical barriers left; rather the system is now rolled out in the market and also developed for other types of cartilage damage.
Market	<ul style="list-style-type: none"> The company sells direct in Europe, which is a slow process. In the US market the company will most likely enter into an agreement with a partner; this can be difficult to achieve. 	<ul style="list-style-type: none"> The company focuses on certain markets and regions in markets to establish the system as a standard treatment. Discussions with potential partners are ongoing.
Reputation	<ul style="list-style-type: none"> A rising revision rate would be a clear negative. We see a potential risk in new surgeons using the system without sufficient training. 	<ul style="list-style-type: none"> As cases are scanned and sent to the company for manufacture, this makes it easy for it to detect whether a potential patient is unsuitable.
Physical risk		
Acute	<ul style="list-style-type: none"> Any manufacturing faults in an implant could have serious implications for a patient. 	<ul style="list-style-type: none"> Quality control is imperative in the entire manufacturing chain.
Chronic	<ul style="list-style-type: none"> The launch of new biological technology that makes the implant solution outdated. 	<ul style="list-style-type: none"> There is the potential for the company to use its technology for other applications.

Source: DNB Markets

Sustainability assessment

	Opportunities	Company's utilisation of opportunity
Resource efficiency	<ul style="list-style-type: none"> By manufacturing patient-specific implants and instruments, there will be only a limited amount of waste. On the other hand, the surgical tools are single-use products and cannot be re-used. 	<ul style="list-style-type: none"> The single-use feature limits the risk of an implant being unsuitable in the surgical situation. This reduces the need for revisions.
Products/Services	<ul style="list-style-type: none"> The individualised products result in a precise fit to the patient's injury. The software planning tools also eliminate the risk of carrying out the procedure on unsuitable patients. 	<ul style="list-style-type: none"> The company sometimes advises against surgery after it receives the patient's images, thereby increasing the likelihood of a positive outcome.
New markets	<ul style="list-style-type: none"> The company is expanding its market presence in Europe and will seek a marketing partner for the US market. 	<ul style="list-style-type: none"> The company is conducting a large (c180 patients) IDE trial in the US.
Supply chain resilience	<ul style="list-style-type: none"> The production is still relatively costly but, as volumes expand, economies of scale should kick in. It has capacity to significantly increase volumes without any major investments. 	<ul style="list-style-type: none"> The company uses CMOs to help with a large part of the manufacturing process.

Source: DNB Markets

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Q1 review

Q1 outcome and deviations

Key highlights

(SEKm, except per share data)

	Actual	Q1 2022		Deviation (%)		Deviation, Abs		Q1 2021
		DNB	Cons.	DNB	Cons.	DNB	Cons.	Actual
Sales	1.6	1.2	n.m.	33%	n.a.	0.4	n.m.	1.6
EBIT reported	-16.3	-19.6	n.m.	17%	n.a.	3.3	n.m.	-16.9
EBIT margin (%)	-1019%	-1633%	n.m.	n.m.	n.a.			-1056%
Net financial items	-0.1	0.1	n.m.	n.m.	n.m.	-0.2	n.m.	0.2
Pre-tax profit	-16.4	-19.5	n.m.	16%	n.a.	3.1	n.m.	-16.7
EPS	-0.06	-0.07	n.m.	14%	n.a.	0.0	n.m.	-0.08
Growth YOY								
Group sales	0%	-25%	n.m.			25%	n.m.	
EBIT	4%	-16%	n.m.			20%	n.m.	
EPS	25%	13%	n.m.			13%	n.m.	

Source: Company data (historical figures) and DNB Markets (estimates). No consensus available.

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Forecast changes – P&L

(SEKm)	New			Old			Change		
	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Revenues	10	17	28	10	17	28	0	0	0
Cost of sales	0	0	0	0	0	0	0	0	0
Gross profit	10	17	28	10	17	28	0	0	0
Operating expenses	-82	-87	-95	-84	-89	-97	2	2	2
EBITDA	-65	-63	-60	-67	-65	-62	2	2	2
EBITDA adj	-65	-63	-60	-67	-65	-62	2	2	2
EBITDA margin (%)	nm	nm	nm	-674.5	-380.2	-220.8	nm	nm	nm
Depreciation	-7	-7	-7	-7	-7	-7	0	0	0
EBITA	-72	-70	-67	-74	-72	-69	2	2	2
EBIT	-72	-70	-67	-74	-72	-69	2	2	2
EBIT adj	-72	-70	-67	-74	-72	-69	2	2	2
Net interest	0	0	0	0	0	0	0	0	0
Net financial items	0	0	0	0	0	0	0	0	0
PBT	-72	-70	-67	-74	-72	-69	2	2	2
Taxes	0	0	0		0	0		0	0
Net profit	-72	-70	-67	-74	-72	-69	2	2	2
Adjustments to net profit	0	0	0	0	0	0	0	0	0
Net profit adj	-72	-70	-67	-74	-72	-69	2	2	2
<i>Per share data (SEK)</i>									
EPS	-0.27	-0.26	-0.25	-0.28	-0.27	-0.26	0.01	0.01	0.01
EPS adj	-0.27	-0.26	-0.25	-0.28	-0.27	-0.26	0.01	0.01	0.01
<i>Other key metrics (%)</i>									
Revenue growth	43.1	72.9	64.3	43.1	72.9	64.3	0.0	0.0	0.0
EBIT adj growth	nm	nm	nm	6.7	-2.3	-4.1	nm	nm	nm
EPS adj growth	nm	nm	nm	-9.5	-2.3	-4.1	nm	nm	nm
Avg. number of shares (m)	267	267	267	267	267	267	0	0	0
Capex	0	0	0		0	0		0	0
OpFCF	-65	-63	-60	-67	-65	-62	2	2	2
Working capital	1	3	6	1	3	6	0	0	0
NIBD adj	173	101	31	171	97	25	2	4	6

Source: DNB Markets

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Annual P&L

(SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Revenues	7	3	3	4	5	7	7	10	17	28
Cost of sales	0	0	0	0	0	0	0	0	0	0
Gross profit	7	3	3	4	5	7	7	10	17	28
Operating expenses	-51	-64	-64	-62	-74	-70	-76	-82	-87	-95
EBITDA	-42	-58	-57	-53	-61	-56	-62	-65	-63	-60
Depreciation	-2	-4	-4	-5	-8	-8	-7	-7	-7	-7
EBITA	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
EBIT	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
Net interest	0	0	0	0	-1	-1	0	0	0	0
Net financial items	0	0	0	0	-1	-1	0	0	0	0
PBT	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
Net profit	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
Avg. number of shares	13	16	28	31	67	162	227	267	267	267
<i>Per share data (SEK)</i>										
EPS	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
EPS adj	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
<i>Growth and margins (%)</i>										
Revenue growth	184.0	-60.0	16.3	39.0	25.6	29.6	-1.4	43.1	72.9	64.3
EPS adj growth	nm									
Gross margin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA margin	nm									
EBITDA adj margin	nm									
Depreciation/revenues	-33.6	-152.5	-135.3	-111.6	-138.9	-108.6	-107.2	-74.9	-43.3	-26.4
EBIT margin	nm									
EBIT adj margin	-662.3	-2319.4	-1978.2	-1337.2	-1275.9	-905.7	-1005.8	-729.2	-411.8	-240.0
PBT margin	nm									
Net profit margin	nm									

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

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Adjustments to annual P&L

(SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	-42	-58	-57	-53	-61	-56	-62	-65	-63	-60
Gains and losses	0	0	0	0	0	0	0	0	0	0
EBITDA adj	-42	-58	-57	-53	-61	-56	-62	-65	-63	-60
EBITA	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBITA adjustments	0	0	0	0	0	0	0	0	0	0
EBITA adj	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
EBIT	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments	0	0	0	0	0	0	0	0	0	0
EBIT adj	-44	-62	-61	-58	-69	-63	-69	-72	-70	-67
Net profit	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments	0	0	0	0	0	0	0	0	0	0
Net profit adj	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
<i>Per share data (SEK)</i>										
EPS	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
Recommended adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adj	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25

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

Cash flow

(SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net profit	-44	-62	-61	-58	-70	-64	-69	-72	-70	-67
Other non-cash adjustments	0	0	0	0	0	1	0	0	0	0
Change in net working capital	4	1	-5	0	3	0	-2	-2	-2	-2
Cash flow from operations (CFO)	-38	-56	-61	-53	-60	-55	-64	-67	-65	-62
Capital expenditure	0	0	0	0	0	-1	0	0	0	0
Acquisitions/Investments	-7	-5	-7	-10	-6	-5	-7	-8	-8	-8
Divestments	0	0	0	0	0	0	0	0	0	0
Cash flow from investing (CFI)	-7	-6	-7	-10	-6	-5	-7	-8	-8	-8
Free cash flow (FCF)	-45	-62	-69	-63	-65	-60	-71	-74	-73	-70
Net change in debt	0	0	0	0	0	0	0	0	0	0
Other			0	1	1	1	2	0	1	1
Cash flow from financing (CFF)	115	0	98	20	62	190	158	0	1	1
Total cash flow (CFO+CFI+CFF)	69	-62	29	-43	-3	130	87	-74	-72	-69
<i>FCFF calculation</i>										
Free cash flow	-45	-62	-69	-63	-65	-60	-71	-74	-73	-70
Less: net interest	0	0	0	0	1	1	0	0	0	0
Less: acquisitions	7	5	7	10	6	5	7	8	8	8
Less: divestments	0	0	0	0	0	0	0	0	0	0
Growth (%)										
CFO	-20.2	-47.5	-9.5	13.9	-12.9	8.4	-17.4	-3.8	2.6	4.6
CFI	-157.1	24.6	-34.4	-29.7	43.3	7.3	-37.3	-7.1	-6.7	0.0
FCF	-31.5	-35.8	-11.7	9.1	-4.2	8.3	-19.1	-4.1	1.6	4.1
CFF	76422.1	-100.0	nm	-80.0	217.3	204.7	-16.4	-99.9	500.0	0.0
FCFF	nm									

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

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Balance sheet

(SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Assets	118	60	93	55	58	186	277	207	138	73
Inventories	1	1	2	2	2	2	3	3	4	4
Trade receivables	0	1	1	1	1	1	4	8	11	15
Other receivables	1	3	3	3	2	3	3	3	3	3
Cash and cash equivalents	104	42	71	28	25	155	242	168	96	27
Current assets	107	47	77	34	30	160	252	182	113	48
Property, plant and equipment	0	0	0	0	6	4	4	4	4	4
Other intangible assets	11	13	16	21	22	21	21	21	21	21
Non-current assets	11	13	16	21	28	25	25	25	25	25
Total assets	118	60	93	55	58	186	277	207	138	73
Equity and liabilities	118	60	93	55	58	186	277	207	138	73
Total equity to the parent	110	49	86	45	41	170	256	185	115	48
Total equity	110	49	86	45	41	170	256	185	115	48
Trade payables	2	6	3	2	6	5	6	7	8	9
Other payables and accruals	2	2	1	2	4	5	5	5	6	6
Short-term debt	0	0	0	3	0	0	3	3	3	3
Total current liabilities	4	8	4	6	10	10	14	16	17	18
Long-term debt	0	0	0	0	4	2	2	2	2	2
Other non-current liabilities	5	4	4	4	3	4	4	4	5	5
Total non-current liabilities	5	4	4	4	7	6	6	7	7	7
Total liabilities	8	12	8	10	16	16	20	22	24	25
Total equity and liabilities	118	60	93	55	58	186	277	207	138	73
<i>Key metrics</i>										
Net interest bearing debt	104	42	71	31	29	157	247	173	101	31

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

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Valuation ratios

(SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Enterprise value</i>										
Share price (SEK)	10.35	8.84	4.19	2.25	1.17	3.03	4.55	2.52	2.52	2.52
Number of shares (m)	12.50	15.95	27.99	30.87	67.34	162.1	226.6	266.5	266.5	266.5
Market capitalisation	129	141	117	69	79	491	1,031	670	670	670
Net interest bearing debt	104	42	71	31	29	157	247	173	101	31
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	104	42	71	31	29	157	247	173	101	31
EV	233	183	189	101	108	648	1,278	843	771	702
EV adj	233	183	189	101	108	648	1,278	843	771	702
<i>Valuation</i>										
EPS	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
EPS adj	-3.52	-3.87	-2.18	-1.87	-1.04	-0.39	-0.31	-0.27	-0.26	-0.25
P/E	-2.9	-2.3	-1.9	-1.2	-1.1	-7.7	-14.9	-9.4	-9.6	-10.0
P/E adj	-2.9	-2.3	-1.9	-1.2	-1.1	-7.7	-14.9	-9.4	-9.6	-10.0
P/B	1.18	2.89	1.37	1.55	1.90	2.90	4.02	3.63	5.84	14.02
Average ROE	-59.1%	-77.7%	-91.0%	-88.7%	-161.9%	-60.6%	-32.5%	-32.5%	-46.7%	-82.4%
Earnings yield adj	-34.0%	-43.7%	-52.1%	-83.2%	-88.6%	-13.0%	-6.7%	-10.7%	-10.4%	-10.0%
EV/SALES	35.12	68.89	60.95	23.38	19.92	92.60	185.23	85.39	45.15	25.01
EV/SALES adj	35.12	68.89	60.95	23.38	19.92	92.60	185.23	85.39	45.15	25.01
EV/EBITDA	-5.6	-3.2	-3.3	-1.9	-1.8	-11.6	-20.6	-13.1	-12.3	-11.7
EV/EBITDA adj	-5.6	-3.2	-3.3	-1.9	-1.8	-11.6	-20.6	-13.1	-12.3	-11.7
EV/EBIT	-5.3	-3.0	-3.1	-1.7	-1.6	-10.2	-18.4	-11.7	-11.0	-10.4
EV/EBIT adj	-5.3	-3.0	-3.1	-1.7	-1.6	-10.2	-18.4	-11.7	-11.0	-10.4
EV/NOPLAT	-5.3	-3.0	-3.1	-1.7	-1.6	-10.2	-18.4	-11.7	-11.0	-10.4
EV/OpFCF (taxed)	-5.6	-3.2	-3.3	-1.9	-1.8	-11.5	-20.6	-13.1	-12.3	-11.7

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

29 April 2022

Key accounting ratios

	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Profitability (%)</i>										
ROA	-54.5	-69.1	-79.6	-78.1	-124.1	-52.5	-29.9	-29.6	-40.5	-63.3
<i>Return on invested capital (%)</i>										
Net PPE/revenues	6.4	14.4	6.5	2.3	111.1	61.4	62.3	43.5	25.2	15.3
Working capital/revenues	-11.5	-104.1	58.2	48.8	-87.0	-67.1	-29.0	7.1	19.9	21.7
<i>Cash flow ratios (%)</i>										
FCF/revenues	-683.4	-2317.6	-2227.3	-1455.8	-1207.4	-854.3	-1031.9	-750.5	-427.0	-249.3
FCF yield (%)	-29.5	-39.9	-52.4	-76.2	-75.8	-11.2	-6.2	-9.9	-9.7	-9.2
CFO/revenues	-572.4	-2108.4	-1985.6	-1230.2	-1105.6	-781.4	-930.4	-674.6	-380.2	-220.8
CFO/market capitalisation	-29.4	-39.8	-52.4	-76.2	-75.8	-11.1	-6.2	-9.9	-9.7	-9.2
CFO/capex	-29577.0	-35153.6	-187892.4			-10940.0				
CFO/current liabilities	-1076.6	-717.5	-1574.9	-881.7	-621.9	-541.6	-452.1	-429.8	-386.5	-342.2
Cash conversion ratio	103.3	100.0	112.7	108.3	93.4	93.6	102.9	103.5	104.3	104.5
Capex/revenues	1.9	6.0	1.1	0.0	0.0	7.1	0.0	0.0	0.0	0.0
Capex/depreciation	5.8	3.9	0.8	0.0	0.0	6.6	0.0	0.0	0.0	0.0
OpFCF margin	-630.6	-2172.9	-1843.9	-1225.6	-1137.0	-804.3	-898.6	-654.3	-368.5	-213.6
<i>Leverage and solvency (x)</i>										
Interest cover	nm	nm	nm	-81.57	-45.53	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	1233.82	1396.48	978.12	-175.67	-68.22	-111.60	310.00	162.76	158.48	150.97
Net debt/EBITDA	-2.49	-0.73	-1.25	-0.59	-0.47	-2.82	-3.99	-2.68	-1.60	-0.52
Total debt/total capital (BV)	0.00	0.00	0.00	0.05	0.06	0.01	0.02	0.02	0.04	0.07
LTD / (LTD + equity (MV))	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00
<i>Cash conversion cycle</i>										
Inventory turnover days	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Receivables turnover days	88.7	541.0	472.0	322.6	209.5	177.3	365.0	384.3	297.1	226.4
Credit period	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cash conversion cycle	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

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

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Important Information

Company: Episurf Medical
 Coverage by Analyst: Patrik Ling
 Date: 29/04/2022

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DNB Markets client	29%	10%	2%	4%	134

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