

# Photocure

## Looking to underpromise and overdeliver

- Q4e: Seven new US scope placements and 7% organic product sales growth
- We anticipate conservative 2025 guidance of 'high single-digit' growth
- Reiterating NOK 120 target price and Outperform/Buy recommendations

### We look out for US ForTec growth acceleration and cost control

For Q4, we estimate seven new rigid scope placements, which would result in the US installed base growing 11% y-o-y. We forecast product sales of NOK 124m, implying 7% organic growth. We estimate 9% organic growth in Europe, with continued momentum in the 'priority growth markets'. We forecast 7% growth in North America, still burdened by the 'flex erosion' – but we anticipate an acceleration in the ForTec Medical 'pay per use' collaboration reaching ~5% of US volumes in Q4e, versus ~3% in the month of October. We model a NOK 12m milestone payment from Chinese partner Asieris. Assuming a stable 94% gross margin, we estimate milestone-adjusted EBITDA of NOK 4m for a margin of 3%.

### We believe our organic growth estimates will be above 2025 guide

With 8% organic product sales growth, we estimate that Photocure will reach the upper end of its 6–9% guidance for 2024. For 2025, we model a solid 11% growth, helped by ForTec's US momentum and Olympus' recent European launch. That said, we expect conservative guidance of 'high single-digit' organic growth. While there have been no updates on the US FDA reclassification process, our research suggests Stryker may still be preparing for a US market entry – potentially a key share price catalyst for 2025e. Additionally, Photocure could receive a NOK ~120m milestone (~8% of market cap) upon Chinese Cevira's approval in H2 2025e. With multiple catalysts ahead, we reiterate our short-term Buy recommendation.

### Major upside potential as investors await accelerating growth

We make minor NOK 1-2m earnings estimate changes in our forecast period owing to FX. The shares are still trading at ~50-70% discounts to Nordic Medtech peers, and we believe this 'show me story' is contingent upon accelerating, scalable, growth – a dynamic we expect for 2025 and beyond. We leave our three-year NOK 120 target price unchanged, and reiterate long-term Outperform.

#### Key figures

NOKm	2022	2023	2024e	2025e	2026e
Sales	393	501	519	551	627
Sales growth (%)	8.9	27.5	3.7	6.2	13.7
EBITDA adj	-25	55	56	80	134
margin (%)	-6.3	11.1	10.9	14.5	21.3
EBT	-65	10	12	36	101
EPS adj (NOK)	-2.65	0.01	0.18	1.04	2.91
Y-o-y growth (%)	n.m	n.m	>900	491	179
P/E adj (x)	n.m	>99	>99	54.3	19.5
P/BV (x)	6.3	3.8	3.2	3.0	2.6
ROE adj (%)	-14.9	0.06	0.99	5.6	14.2
EV/EBITDA (x)	n.m	28.7	23.0	16.0	9.0
EV/sales (x)	6.8	3.2	2.5	2.3	1.9
FCF adj yield (%)	-0.19	2.0	0.88	2.0	5.1
Tot DPS	0.00	0.00	0.00	0.00	0.00
Net debt/equity (%)	-48.4	-48.9	-49.2	-50.5	-55.3

Source: Handelsbanken

For full disclaimer and definitions, please refer to the end of this report.

#### Estimate changes

<b>O</b>	Long term 3 years Outperform
<b>B</b>	Short term 3 months Buy

#### Three-year target return

Target price incl. div (NOK)	120
Expected total return (%)	112

#### Key data

Share price	
3 Feb, 17:26 CET (NOK)	56.70
Market cap (NOKm)	1,537
Bloomberg	PHO NO
Reuters	PHO.OL
Web address	<a href="#">Link</a>
CEO	Daniel Scheider
Next event	19 Feb 2025: Q4 report

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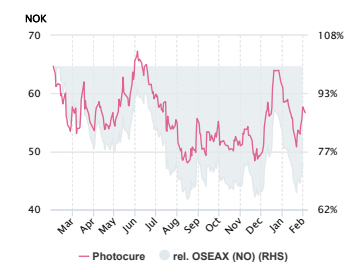
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#### Estimate changes

%	2024e	2025e	2026e
Sales	1	0	0
EBIT adj	5	-4	-1
EPS adj	25	-5	-1

Source: Handelsbanken

#### Share price – 12 months



Source: FactSet

Share perf. (%)	-1m	-3m	-12m
Absolute:	-3.1	11.2	-12.4
Rel. OSEAX (NO):	-6.5	5.1	-26.5
52w range (NOK):	67.30 / 48.05		

Source: FactSet

## Supporting charts and graphics

Olympus announced the sales launch of its new blue light compatible camera head

☀️ Now Even Brighter: Introducing Blue Light Imaging!

Building on the success of our True 4K Pendulum Camera Head, we're excited to announce the availability of the Blue Light (BL) mode, adding a new dimension to precision imaging.

● What's New with Blue Light?

The BL mode enhances visibility like never before:

- ✓ Brighter backgrounds with improved contrast.
- ✓ Sharper color tones for enhanced visualization.
- ✓ Improved demarcation of critical details during procedures.

Combined with #Olympus True 4K White Light Imaging (WLI), 4K Narrow Band Imaging (NBI), and the Blue Light (BL) mode as an upgrade function of Visera Elite III, this all-in-one system integrates precision resection and advanced imaging in a single solution, leveraging the capabilities of VE3 and the True 4K Pendulum Camera Head to deliver unparalleled precision and better outcomes.

Why Choose the 4K Pendulum Camera Head?

- True 4K image sensor for vivid, detailed visuals with 1 billion colors.
- One-touch autofocus and ergonomic design for seamless use.
- Enhanced depth of field (EDOF) technology for continuous, sharp magnification.

With the addition of Blue Light mode, our camera head now offers an even more comprehensive toolkit to support precise and effective procedures.

👉 Upgrade today to experience the difference! Connect with us to learn how our Blue Light solution can elevate your imaging capabilities.

<https://lnkd.in/gxT3-dge>

#BlueLightImaging #4Kinnovation #NMIBC #4KCamerahead #Healthcare

Olympus Blue Light-upgrade will come in the form of a software upgrade and a new camera head (price not disclosed) for the Olympus flagship surgical endoscopy platform, VISERA ELITE III, which was initially launched in September 2022



Source: Olympus Medical Systems EMEA LinkedIn

Olympus has written support for the ongoing FDA reclassification



We believe Olympus' public support for the ongoing FDA reclassification request of blue light cystoscopes illustrates its ambition to launch in the US

Division of Dockets Management  
 U.S. Food and Drug Administration  
 5630 Fishers Lane, Room 1061  
 Rockville, MD 20857

Date: April 3, 2024

RE: Comments on Reclassification Petition for Diagnostic Endoscopic Light Source Systems (Product Code OAY), Docket No. FDA-2022-P-2644, from Karl Storz SE & Co KG (Karl Storz)

To Whom It May Concern:

This letter is being supplied by Olympus to express support of Karl Storz' pending petition to reclassify medical devices associated with Product Code OAY into Class II subject to 510(k) pre-market notification (special controls). Specifically, this relates to the medical devices that enable Blue Light Cystoscopy (BLC) and Photodynamic Diagnostic D-Light C (PDD).

Source: Handelsbanken, regulations.gov

Note: [https://downloads.regulations.gov/FDA-2022-P-2644-0041/attachment\\_1.pdf](https://downloads.regulations.gov/FDA-2022-P-2644-0041/attachment_1.pdf)

Potential share price catalysts

Potential triggers	Est. Timing	Comment
Pre-MAA discussions for Cevira in EU	Q1 2025	Potential EU regulatory filing of Cevira based in existing Ph 3 trial
Cevira FDA discussions on reg requirements	Q1 2025	Establishing a regulatory path forward for Cevira for the US market -> key catalyst to find US commercial partner
ForTec Medical expanding its US mobile blue light installed base beyond current 18	2025	ForTec Medical continues its nationwide roll-out of 'mobile towers' offering blue light cystoscopy on a 'pay per use' basis
Canadian and EU launch of BLC functionality for Stryker's 1788 endoscopy platform	2025-2026	Stryker has intention to launch BLC functionality for its 1788 platform OUS in 2025, while also supporting the Citizen's Petition
New clinical data from large registry studies / US Veterans Affairs	2025-2026	Danish, US and Nordic flex registry studies (~15K patients in total); data from the VA system
Potential launches from other scope-providers	2025-27	~12 additional scope-providers evaluating BLC
US FDA reclassification decision of BLC scopes	2025	Reclassification from class 3 to class 2 device, democratizing US market (currently limited to Karl Storz)
Chinese approval of Cevira	H2 2025	Chinese regulatory approval of Cevira (NOK ~125m milestone)
Chinese launch of Cevira	2026	Local partner Asieris completed Phase 3 trial
Chinese launch of Hexvix	H2 2025	We est. Richard Wolf will receive Chinese approval for its BLC in Q3 2025 - allowing for Chinese commercial launch
Market launch of R. Wolf flexible scope	2026-27	Launching partnered Blue Light Flexible Scope with Richard Wolf
Potential acquisitions	n.a.	Active M&A and in-licensing agenda

Key potential negative triggers/risks:

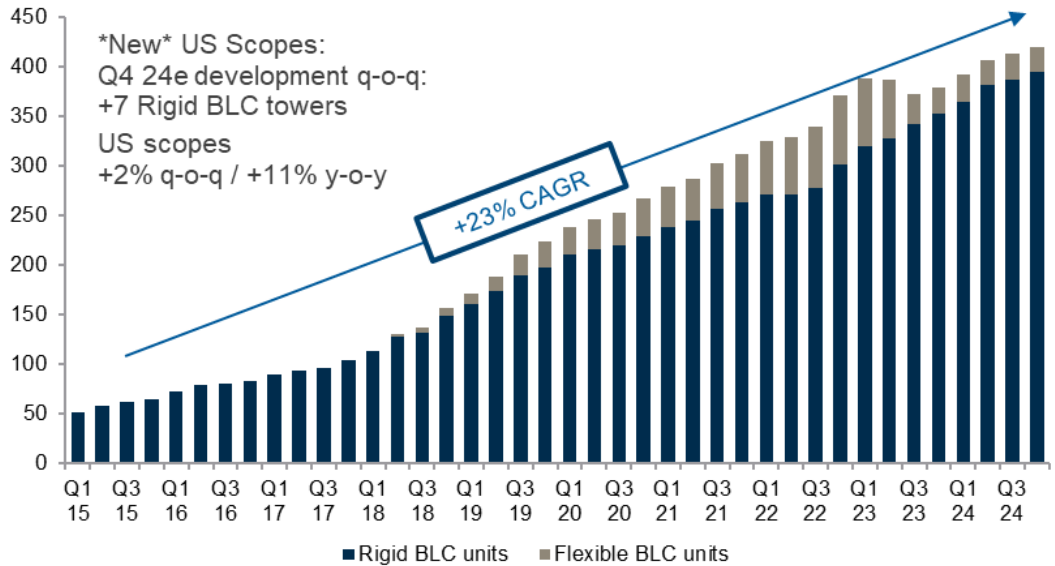
	Comment
Hospital capex pressure for new launches	Hospitals downprioritizing BLC investments
Negative commentary from UK PHOTO-trial	Incremental headwinds for BLC penetration from the PHOTO-trial which showed a negative outcome for BLC vs. WLC
Announcement of generic competition	Several barriers such as sales volumes, drug-device combo etc.
Structurally lower TURBT procedures following the recent successful clinical data from Urogen and J&J for non-invasive NMIBC treatments	Still no details on when approvals are due

Source: Handelsbanken

We view the potential FDA reclassification of BLC scopes as the most important share price catalyst

Karl Storz has been running a promotional campaign for blue light cystoscope camera heads through H2 2024, which could support new installations

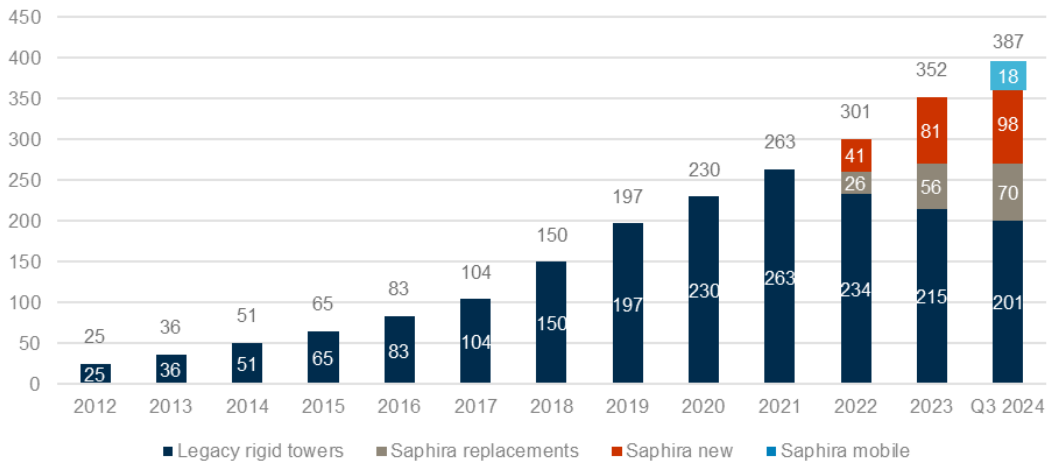
Installed base of BLC scopes in the US



Source: Handelsbanken, company data

Photocure still has plenty of scope upgrades to execute upon, as only ~50% of the rigid installed base consists of the newer Saphira scopes in the US

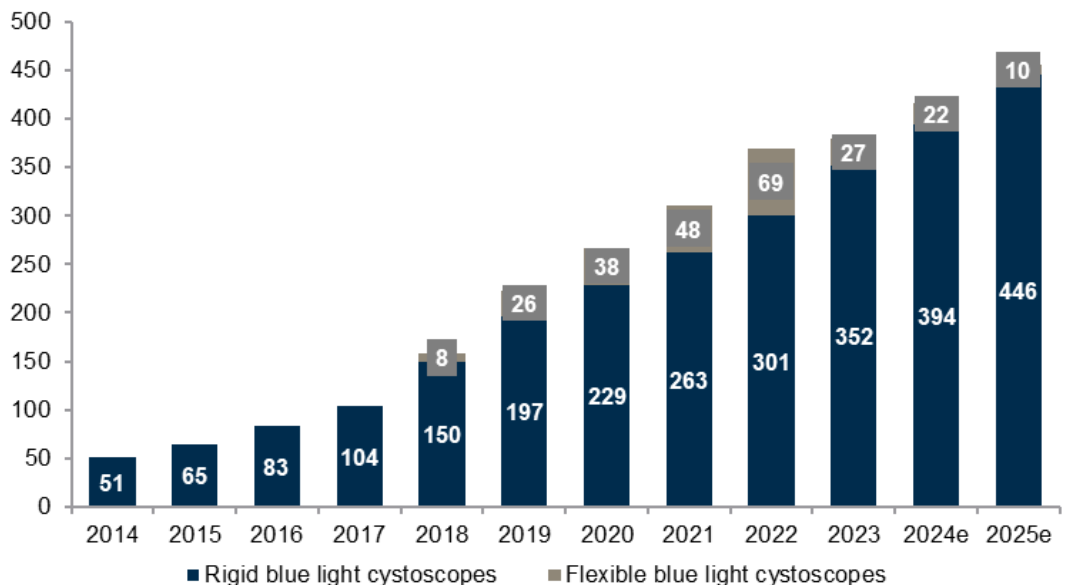
US BLC installed base development



Source: Handelsbanken, company data

We leave our new scope placement estimate intact at 45 in the US

Installed base of BLC scopes in the US



Source: Handelsbanken, company data

## Estimate revisions

NOKm	2024e			2025e			2026e		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>Product revenues</b>	<b>483</b>	<b>486</b>	<b>1%</b>	<b>554</b>	<b>551</b>	<b>0%</b>	<b>629</b>	<b>627</b>	<b>0%</b>
Org. Product rev. Growth, %	6.9%	7.5%	0.6pp	12.7%	11.4%	-1.3pp	13.7%	13.7%	0.0pp
Other revenues	33	33	0%	0	0	n.a.	0	0	n.a.
<b>Total revenues</b>	<b>516</b>	<b>519</b>	<b>1%</b>	<b>554</b>	<b>551</b>	<b>0%</b>	<b>629</b>	<b>627</b>	<b>0%</b>
OPEX	-459	-461	0%	-468	-468	0%	-488	-486	0%
Indirect manufacturing expen	-16	-17	-1%	-23	-23	0%	-25	-25	0%
R&D expenses	-5	-5	0%	-21	-21	0%	-31	-31	0%
Marketing and Sales expens	-344	-344	0%	-362	-362	0%	-371	-370	0%
<b>EBITDA</b>	<b>55</b>	<b>56</b>	<b>2%</b>	<b>82</b>	<b>80</b>	<b>-2%</b>	<b>134</b>	<b>134</b>	<b>0%</b>
<b>EBITDA margin</b>	<b>10.7%</b>	<b>10.9%</b>		<b>14.8%</b>	<b>14.5%</b>		<b>21.3%</b>	<b>21.3%</b>	
EBIT	26	28	5%	52	50	-4%	104	103	-1%
<b>EBIT margin</b>	<b>5.5%</b>	<b>5.7%</b>		<b>9.4%</b>	<b>9.1%</b>		<b>16.5%</b>	<b>16.5%</b>	
Adj. EBIT	26	28	5%	52	50	-4%	104	103	-1%
<b>Adj. EBIT margin</b>	<b>5.5%</b>	<b>5.7%</b>		<b>9.4%</b>	<b>9.1%</b>		<b>16.5%</b>	<b>16.5%</b>	
Net income	4	5	22%	30	28	-5%	79	79	-1%

Source: Handelsbanken

## Three-year target price build

We leave our three-year target price of NOK 120 unchanged

DCF valuation of Cysview/ Hexvix franchise	NOK 100	50%	<b>36m target price</b>
Stand-alone rNPV valuation of Cevira	NOK 35		
			<b>NOK 120 / share</b>
Photocure 2026e EBITDA- multiple (18x)	NOK 105	50%	

Source: Handelsbanken

**Valuation overview**

NOKm	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Hex/Cys sales	149	173	214	256	354	374	445	486	551	627
EBITDA adj.	-33	-10	59	-4	18	-25	55	56	80	134
EBIT adj.	-45	-24	43	-23	-6	-49	28	28	50	103
Share price	58									
Shares	27									
<b>Market Cap</b>	<b>1,557</b>									
Net debt		-104	-115	-278	-252	-224	-236	-240	-260	-328
<b>EV</b>		<b>1,452</b>	<b>1,441</b>	<b>1,279</b>	<b>1,304</b>	<b>1,333</b>	<b>1,321</b>	<b>1,317</b>	<b>1,296</b>	<b>1,228</b>

Current valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales		5.0x	3.7x	3.6x	3.0x	2.7x	2.4x	2.0x
EV/EBITDA adj.		-326.9x	71.0x	-53.6x	23.8x	23.3x	16.2x	9.2x
EV/EBIT adj.		-55.1x	-225.1x	-27.1x	47.5x	47.7x	25.8x	11.9x

**Target Price (NOK)** 120

Implied valuation at TP	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales	11.5x	8.4x	8.1x	6.7x	6.2x	5.4x	4.6x
EV/EBITDA adj.	-756.7x	162.5x	-121.2x	54.1x	53.1x	37.3x	21.8x
EV/EBIT adj.	-127.5x	-515.1x	-61.2x	108.0x	108.6x	59.2x	28.2x

Source: Handelsbanken

**Photocure EV/sales FY+2**



Source: Handelsbanken, FactSet

## Peer group valuation comparison

Nordic Medtech Company	Mcap (EURm)	SP	EV/Sales (x)				Gross margin (%)		EV/GP (x)		EBITDA-mrg (%)		EV/EBITDA (x)		Sales growth (%)			
			2023	2024e	2025e	2026e	2024e	2025e	2024e	2025e	2025e	2026e	2025e	2026e	2023	2024e	2025e	2026e
Ambu	4,810	134.8	4.2	6.3	5.6	4.9	59.9	61.5	10.4	9.1	20.8	22.1	26.8	22.2	8%	14%	15%	12%
BioGaia	1,068	121.4	6.7	7.3	7.1	6.3	73.3	74.9	10.0	9.3	34.4	35.2	20.6	17.9	16%	8%	15%	14%
Biotage	981	142.0	5.8	5.8	4.6	4.0	63.6	65.2	9.5	7.4	27.7	29.5	16.6	13.5	11%	21%	10%	12%
BONESUPPORT	1,996	348.4	20.5	27.9	17.1	12.6	92.4	93.0	30.7	18.9	25.7	33.2	66.6	37.9	83%	54%	45%	34%
CellaVision	470	226.5	7.7	6.8	6.2	5.3	67.1	68.1	10.2	9.3	33.2	34.7	18.7	15.3	-3%	13%	13%	14%
Coloplast	25,064	830.0	7.4	7.9	7.0	6.4	68.1	68.4	11.6	10.3	32.7	33.5	21.5	19.2	9%	9%	8%	9%
Mentice	58	26.0	4.2	2.1	1.7	1.4	87.4	86.0	2.4	2.0	13.4	16.9	12.7	8.1	21%	6%	20%	19%
Probi	342	345.0	3.3	5.9	5.4	5.0	34.0	37.6	17.4	14.6	20.7	22.5	26.1	22.4	-3%	0%	6%	6%
Revenio Group	823	30.9	7.4	6.7	6.8	5.8	70.4	71.1	9.7	9.8	32.1	33.9	21.0	17.1	-1%	8%	14%	14%
Sedana Medical	158	18.2	13.8	9.4	7.6	6.5	70.5	68.1	13.3	10.6	-2.4	3.0			20%	20%	23%	23%
Vitrolife	2,631	223.4	7.8	8.3	7.8	6.9	58.7	59.4	14.3	13.5	34.5	35.2	22.6	19.7	10%	2%	8%	10%
Xvivo Perfusion	1,277	466	16.0	18.2	13.4	10.1	73.3	76.6	25.1	17.7	25.6	29.7	52.3	33.9	52%	34%	29%	32%
<b>Peer average</b>	<b>3,306</b>		<b>8.7</b>	<b>9.4</b>	<b>7.5</b>	<b>6.3</b>	<b>68.2</b>	<b>69.1</b>	<b>13.7</b>	<b>11.0</b>	<b>24.9</b>	<b>27.4</b>	<b>27.8</b>	<b>20.7</b>	<b>19%</b>	<b>16%</b>	<b>17%</b>	<b>16%</b>
<b>Peer median</b>	<b>1,024</b>		<b>7.4</b>	<b>7.1</b>	<b>6.9</b>	<b>6.1</b>	<b>69.3</b>	<b>68.2</b>	<b>11.0</b>	<b>10.0</b>	<b>26.7</b>	<b>31.5</b>	<b>21.5</b>	<b>19.2</b>	<b>11%</b>	<b>11%</b>	<b>14%</b>	<b>14%</b>
<b>Photocure (HCMe)</b>	<b>133</b>	<b>58</b>	<b>2.5</b>	<b>2.6</b>	<b>2.4</b>	<b>2.0</b>	<b>93.9</b>	<b>94.0</b>	<b>2.7</b>	<b>2.5</b>	<b>10.9</b>	<b>14.5</b>	<b>16.3</b>	<b>9.2</b>	<b>19%</b>	<b>9%</b>	<b>14%</b>	<b>14%</b>
vs peer average			-72%	-73%	-69%	-69%	25.7pp	24.9pp	-80%	-77%	-14.0pp	-13.0pp	-41%	-55%		-6.7pp	-3.7pp	-2.8pp
vs peer median			-67%	-64%	-66%	-67%	24.6pp	25.8pp	-75%	-75%	-15.8pp	-17.0pp	-24%	-52%		-2.1pp	-0.7pp	-0.2pp

Source: Handelsbanken, FactSet

## Quarterly P&amp;L

(NOKm)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24e
Product revenues	82	90	87	95	82	100	98	95	106	117	107	114	118	124	120	124
y-o-y growth, %	50.3%	68.5%	75.0%	-3.4%	-0.2%	10.5%	11.6%	0.4%	30.2%	17.5%	10.0%	20.3%	11.1%	5.5%	12.0%	8.2%
y-o-y growth CER, %	57.3%	79.5%	79.0%	1.6%	-0.2%	7.5%	7.6%	-7.0%	16.7%	2.5%	0.8%	10.8%	7.7%	5.7%	9.8%	6.8%
Milestone revenues	6.4	0.0	0.0	0.0	0.0	0.2	9.3	9.3	0.0	26.9	0.2	28.4	0.0	21.6	0.0	12.0
<b>Total revenues</b>	<b>88.2</b>	<b>90.4</b>	<b>87.4</b>	<b>94.5</b>	<b>81.6</b>	<b>100.1</b>	<b>106.8</b>	<b>104.2</b>	<b>106.2</b>	<b>144.3</b>	<b>107.5</b>	<b>142.5</b>	<b>118.0</b>	<b>145.4</b>	<b>120.2</b>	<b>135.5</b>
COGS	-5	-6	-5	-8	-6	-5	-6	-5	-6	-7	-7	-6	-8	-8	-8	-7
Gross profit	83	84	82	87	76	95	101	99	100	137	101	137	110	138	112	128
Gross margin (ex-milestones)	93.8%	93.2%	93.9%	92.0%	92.6%	94.7%	94.0%	94.3%	93.9%	94.1%	93.6%	94.9%	93.4%	93.8%	93.5%	94.0%
Indirect manufacturing expenses	-4	-3	-4	-4	-4	-2	-4	-5	-3	-3	-4	-2	-4	-3	-4	-5
Growth	16.3%	-21.1%	37.9%	1.2%	-10.1%	-43.6%	97.5%	31.4%	-38.9%	-17.4%	58.5%	-47.8%	72.0%	-10.2%	14.7%	29.6%
% of product sales	5%	3%	5%	4%	5%	2%	4%	6%	3%	2%	4%	2%	3%	3%	3%	4%
R&D expenses	-1	-1	-1	-1	-1	-1	-1	-1	0	0	-1	0	-1	-1	-2	-2
Growth	-80.7%	118.2%	-36.0%	31.1%	10.1%	-43.8%	-11.5%	-19.8%	8.5%	-64.1%	351.2%	-66.5%	145.5%	40.6%	49.2%	6.1%
% of product sales	1%	2%	1%	1%	2%	1%	1%	1%	1%	0%	1%	0%	1%	1%	1%	
Marketing and Sales expenses	-54	-64	-66	-76	-69	-75	-73	-86	-80	-87	-78	-91	-82	-91	-84	-87
Growth	-12.7%	17.4%	3.3%	14.5%	-8.7%	8.5%	-1.8%	17.2%	-7.1%	8.6%	-10.7%	16.7%	-9.0%	10.2%	-7.5%	3.5%
% of product sales	67%	71%	75%	80%	85%	75%	75%	91%	75%	74%	72%	79%	70%	73%	70%	70%
Net other opex	-12	-16	-17	-18	-21	-22	-24	-30	-24	-31	-22	-21	-23	-22	-25	-26
<b>EBITDA</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>-14</b>	<b>-14</b>	<b>1</b>	<b>5</b>	<b>-17</b>	<b>-1</b>	<b>23</b>	<b>3</b>	<b>30</b>	<b>8</b>	<b>28</b>	<b>5</b>	<b>16</b>
EBITDA margin	21%	6%	0%	-15%	-17%	1%	4%	-16%	-1%	16%	3%	21%	7%	19%	4%	12%
Depr/amort.	-6	-6	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-7	-7	-7	-7
Total non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adj. EBITDA</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>-14</b>	<b>-14</b>	<b>1</b>	<b>5</b>	<b>-17</b>	<b>-1</b>	<b>23</b>	<b>3</b>	<b>30</b>	<b>8</b>	<b>28</b>	<b>5</b>	<b>16</b>
Adj. EBITDA margin	20.6%	6.5%	-0.2%	-14.6%	-16.9%	0.9%	4.4%	-16.0%	-1.1%	16.2%	3.1%	21.0%	6.7%	19.2%	4.2%	11.5%
Adj. EBIT	12	0	-6	-20	-20	-5	-1	-23	-8	17	-4	22	1	21	-2	8
Adj. EBIT margin	15.0%	-0.3%	-7.3%	-20.9%	-24.3%	-5.1%	-1.5%	-24.1%	-7.2%	14.3%	-3.6%	19.7%	0.6%	16.7%	-1.8%	6.8%
<b>Pretax profit</b>	<b>20</b>	<b>-8</b>	<b>-11</b>	<b>-41</b>	<b>-27</b>	<b>-10</b>	<b>-6</b>	<b>-28</b>	<b>-10</b>	<b>12</b>	<b>-9</b>	<b>17</b>	<b>-4</b>	<b>16</b>	<b>-5</b>	<b>5</b>
<b>Net profit</b>	<b>15.2</b>	<b>-10.6</b>	<b>-7.3</b>	<b>-36.5</b>	<b>-21.9</b>	<b>-19.0</b>	<b>-9.9</b>	<b>-21.3</b>	<b>-11.7</b>	<b>4.3</b>	<b>-4.8</b>	<b>12.5</b>	<b>-7.9</b>	<b>12.3</b>	<b>-3.5</b>	<b>4.2</b>
<b>Geographical split</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>	<b>Q4 21</b>	<b>Q1 22</b>	<b>Q2 22</b>	<b>Q3 22</b>	<b>Q4 22</b>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>	<b>Q1 24</b>	<b>Q2 24</b>	<b>Q3 24</b>	<b>Q4 24e</b>
Nordic - Hexvix	9.3	8.7	6.1	7.0												
y-o-y growth, %	-23.8%	-37.4%	-36.8%	-25.5%												
q-o-q growth, %	-1.0%	-6.5%	-29.6%	14.2%												
North America - Cysview	27.3	31.4	32.0	34.6	30.5	38.7	42.9	38.7	42.1	46.2	43.6	46.7	47.5	50.4	49.0	49.8
y-o-y growth, %	-3.2%	46.0%	5.7%	4.6%	11.7%	23.4%	34.0%	11.7%	38.2%	19.3%	1.6%	20.7%	12.6%	9.1%	12.3%	6.7%
q-o-q growth, %	-17.5%	15.0%	2.0%	8.1%	-11.9%	27.0%	10.8%	-9.9%	9.0%	9.7%	-5.6%	7.0%	1.7%	6.3%	-2.9%	1.6%
Partners	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
y-o-y growth, %	-100.0%	-100.0%	-100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
q-o-q growth, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Europe (restated 2021) direct	45.0	48.9	48.4	53.4	44.4	55.1	49.0	50.2	63.6	69.7	63.4	66.8	69.3	72.0	71.1	73.7
q-o-q growth, %	-4.7%	8.7%	-1.0%	10.2%	-16.8%	24.2%	-11.1%	2.4%	26.6%	9.7%	-9.0%	5.3%	3.7%	3.9%	-1.3%	3.6%
y-o-y growth, %				13.0%	-1.3%	12.8%	1.3%	-5.9%	43.2%	26.4%	29.4%	33.1%	9.0%	3.3%	12.1%	10.2%

Source: Handelsbanken, company data

## Annual P&amp;L

(NOKm)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Product revenues	94	122	136	149	173	214	256	354	374	445	486	551	627
Signing fees and milestone revenue	35	12	7	2	8	68	0	6	19	56	33	0	0
<b>Total revenues</b>	<b>129</b>	<b>135</b>	<b>144</b>	<b>151</b>	<b>182</b>	<b>282</b>	<b>256</b>	<b>361</b>	<b>393</b>	<b>501</b>	<b>519</b>	<b>551</b>	<b>627</b>
COGS	-7	-8	-9	-12	-17	-23	-19	-24	-22	-26	-31	-33	-37
Gross profit	122	126	134	139	164	259	238	336	370	475	489	518	589
Gross margin	130.3%	103.4%	98.6%	93.1%	94.9%	121.1%	92.8%	95.0%	99.0%	106.6%	100.6%	94.0%	94.0%
Gross margin (ex-milestones)	92.5%	93.3%	93.1%	91.9%	90.1%	89.5%	92.8%	93.2%	94.0%	94.1%	93.9%	94.0%	94.0%
Indirect manufacturing expenses	-9	-10	-10	-11	-10	-11	-13	-15	-15	-13	-17	-23	-25
Growth		13.3%	-0.2%	8.7%	-9.2%	7.0%	16.3%	16.3%	3.1%	-17.5%	31.3%	39.8%	8.3%
% of product sales	10%	9%	8%	8%	6%	5%	5%	4%	4%	3%	3%	4%	4%
R&D expenses	-33	-31	-23	-33	-19	-14	-14	-4	-3	-2	-5	-21	-31
Growth		-3.7%	-26.7%	41.9%	-41.3%	-28.7%	1.4%	-68.8%	-22.7%	-38.1%	154.6%	292.8%	51.4%
% of product sales	35%	26%	17%	22%	11%	6%	5%	1%	1%	0%	1%	4%	5%
Marketing and Sales expenses	-55	-73	-80	-96	-121	-149	-188	-260	-303	-335	-344	-362	-370
Growth		34.5%	8.9%	20.6%	25.8%	22.6%	26.3%	38.4%	16.8%	10.4%	2.6%	5.4%	2.1%
% of product sales	58%	60%	59%	65%	70%	70%	73%	73%	81%	75%	71%	66%	59%
Net other opex	-31	-33	-37	-44	-37	-43	-47	-63	-97	-97	-95	-62	-60
<b>EBITDA</b>	<b>-4</b>	<b>-18</b>	<b>-8</b>	<b>-33</b>	<b>-25</b>	<b>59</b>	<b>-17</b>	<b>18</b>	<b>-25</b>	<b>55</b>	<b>56</b>	<b>80</b>	<b>134</b>
EBITDA margin	-3.2%	-13.4%	-5.6%	-21.9%	-13.6%	20.9%	-6.5%	5.1%	-6.3%	11.1%	10.9%	14.5%	21.3%
Depr/amort.	-1.5	-3.9	-7.9	-12.1	-13.2	-16.2	-19.3	-24.2	-24.4	-27.6	-28.9	-29.5	-30.5
<b>Adj. EBIT</b>	<b>-6</b>	<b>-22</b>	<b>-16</b>	<b>-45</b>	<b>-24</b>	<b>43</b>	<b>-23</b>	<b>-6</b>	<b>-49</b>	<b>28</b>	<b>28</b>	<b>50</b>	<b>103</b>
Adj. EBIT margin	-4.4%	-16.3%	-11.0%	-30.0%	-13.1%	15.2%	-9.0%	-1.6%	-12.5%	5.6%	5.3%	9.1%	16.5%
Net financials	7.2	4.5	28.6	3.6	1.2	3.2	2.8	-25.8	-22.1	-18.1	-15.0	-14.0	-2.0
<b>Pretax profit</b>	<b>2</b>	<b>-17</b>	<b>13</b>	<b>-42</b>	<b>-37</b>	<b>46</b>	<b>-33</b>	<b>-32</b>	<b>-71</b>	<b>10</b>	<b>13</b>	<b>36</b>	<b>101</b>
<b>Net profit</b>	<b>-24.7</b>	<b>-36.2</b>	<b>35.3</b>	<b>-34.7</b>	<b>-36.7</b>	<b>31.8</b>	<b>-22.4</b>	<b>-30.9</b>	<b>-72.1</b>	<b>0.3</b>	<b>5.2</b>	<b>28.3</b>	<b>78.9</b>
<b>Growth rate</b>													
Product revenues	18%	31%	11%	10%	16%	23%	20%	38%	6%	19%	9%	14%	14%
Product revenues CER	18%	31%	11%	10%	16%	23%	11%	45%	-1%	9%	7%	11%	14%

Source: Handelsbanken, company data



## Investment case summary

### Several structural improvements in the US

US growth is due to accelerate, with improved reimbursement, FDA approval for surveillance procedures (2-3x the original market) and a new CEO having rejuvenated the commercial infrastructure.

### Capturing untapped potential in Europe

Photocure acquired the European rights for Hexvix from its underperforming partner in Q4 2020. We believe Photocure can replicate the 30-40% penetration rates of the Nordics/DACH in other European markets.

### Additional upside from acquisitions and licensing deals

We see underappreciated upside in Photocure's licensing opportunities, such as deals with Chinese partner Asieris. Photocure also aims to add new assets to its own portfolio via licensing or M&A.

## Risks

- Execution risks by US partner Karl Storz
- Generic competition
- Unsuccessful geographical expansion
- Losing national reimbursements
- TURBT procedures replaced by non-invasive alternatives

## Opportunities

- New blue light scope launches from OEMs in Europe and the US
- Down-classification of BLC technology to democratise US market
- Leveraging years of investment in US sales force
- Entering unpenetrated European markets
- Potential royalties and milestones from licensing agreements

## P&amp;L expectation and momentum

NOKm	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24e	Q1 25e
Sales	142.5	118.0	145.4	120.2	135.5	132.3
EBITDA adj	29.9	7.9	27.9	5.0	15.6	15.2
margin (%)	21.0	6.7	19.2	4.2	11.5	11.5
EBT	16.5	-4.2	16.0	-4.9	5.4	4.4
Net income	12.5	-8.1	12.1	-3.5	4.2	3.4
EPS (NOK)	0.46	-0.30	0.45	-0.13	0.16	0.13
EPS adj (NOK)	0.46	-0.30	0.45	-0.13	0.16	0.13
EPS adj 12m MAV (NOK)	0.01	0.15	0.43	0.48	0.18	0.60
Sales y-o-y (%)	36.8	11.1	0.78	11.8	-4.9	12.1
EBITDA adj y-o-y (%)	n.m	n.m	19.1	50.2	-47.6	90.9
EPS adj y-o-y (%)	n.m	n.m	178	n.m	-66.2	n.m
EPS adj 12MAV y-o-y (%)	-100	-106	-131	-139	>900	313

Source: Handelsbanken

## Estimate changes

NOKm	SHB	chg	SHB	chg	SHB	chg
	Q4 24e	(%)	2024e	(%)	2025e	(%)
Sales	135.5	3	519.2	1	551.4	0
EBITA adj	12.5	11	44.4	3	66.4	-3
EBIT adj	8.4	17	27.2	5	50.3	-4
margin (%)	6.2	14	5.2	4	9.1	-3
EBT	5.4	29	12.2	11	36.3	-5
Net income	4.2	29	4.8	25	28.3	-5
EPS (NOK)	0.16	29	0.18	25	1.04	-5
EPS adj (NOK)	0.16	29	0.18	25	1.04	-5

Source: Handelsbanken

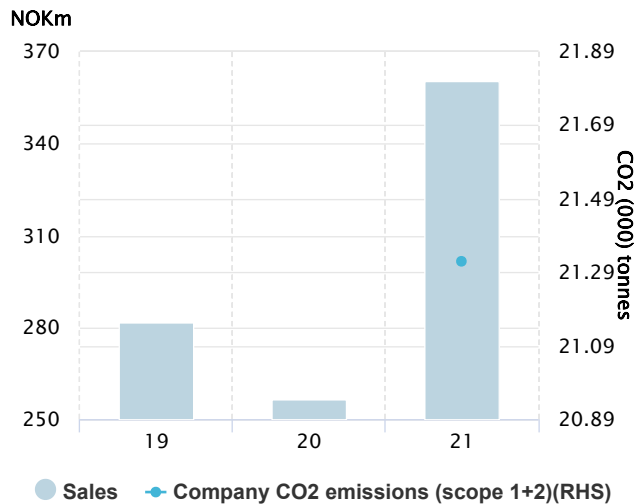
## SHB versus consensus

NOKm	Cons	diff	Cons	diff	Cons	diff
	Q4 24e	(%)	2024e	(%)	2025e	(%)
Sales	132.1	3	516.9	0	554.8	-1
EBIT adj	9.3	-10	25.8	5	45.5	11
margin (%)	7.0	-1	5.0	0	8.2	1
EBT	6.6	-19	11.0	11	38.0	-5
Net income	5.0	-16	5.0	-4	26.4	7
EPS (NOK)	0.18	-14	0.18	-2	0.98	7
EPS adj (NOK)	0.12	29	0.14	26	0.98	7

Sources: Handelsbanken and FactSet

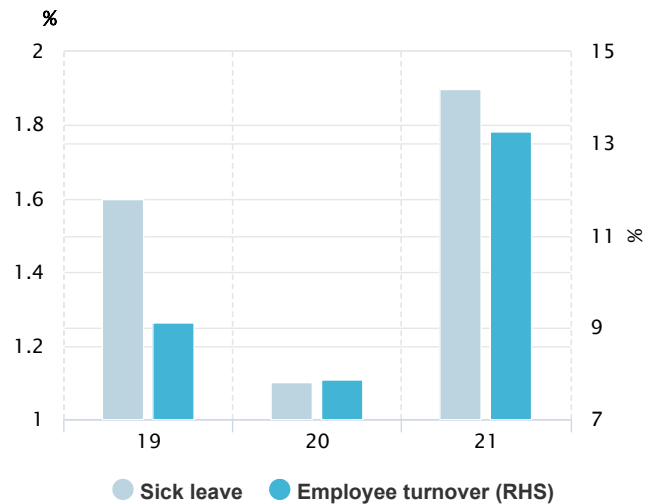
## ESG figures

## ESG analysis, environmental



Source: Company data, Handelsbanken

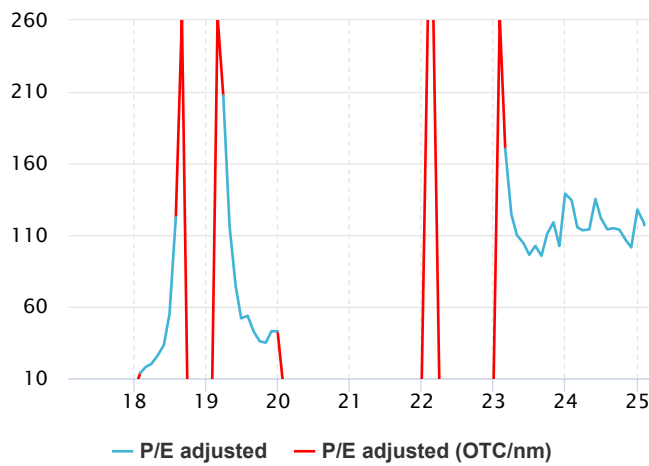
## ESG analysis, social



Source: Company data, Handelsbanken

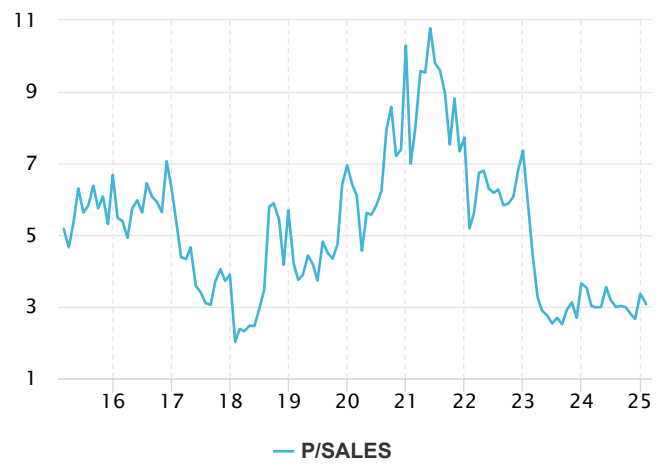
Valuation charts

P/E (x)



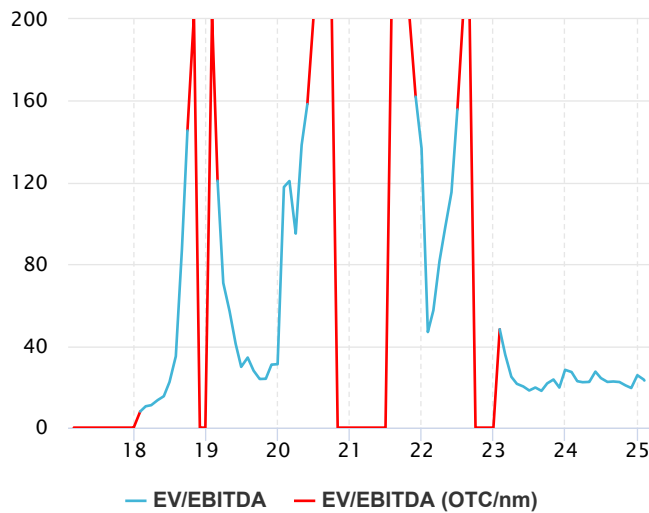
Sources: Handelsbanken and FactSet

P/Sales (x)



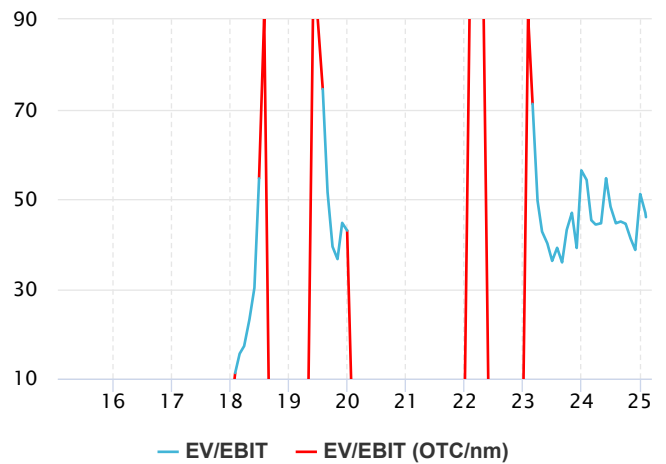
Sources: Handelsbanken and FactSet

EV/EBITDA (x)



Sources: Handelsbanken and FactSet

EV/EBIT (x)



Sources: Handelsbanken and FactSet

P/BV (x) and ROE (%)



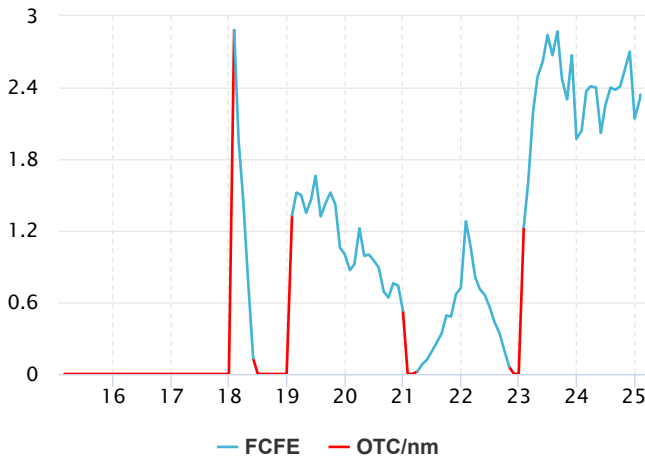
Sources: Handelsbanken and FactSet

EV/sales (x) and EBIT margin (%)



Sources: Handelsbanken and FactSet

**FCFE yield (%)**



Sources: Handelsbanken and FactSet

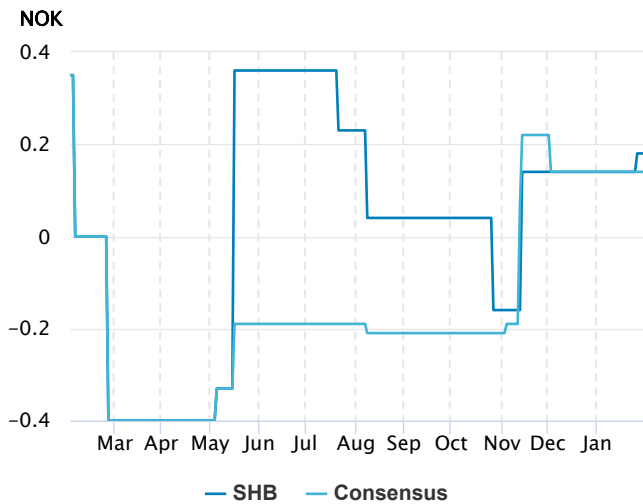
**Dividend (ordinary) and 10-year bond yield (%)**



Sources: Handelsbanken and FactSet

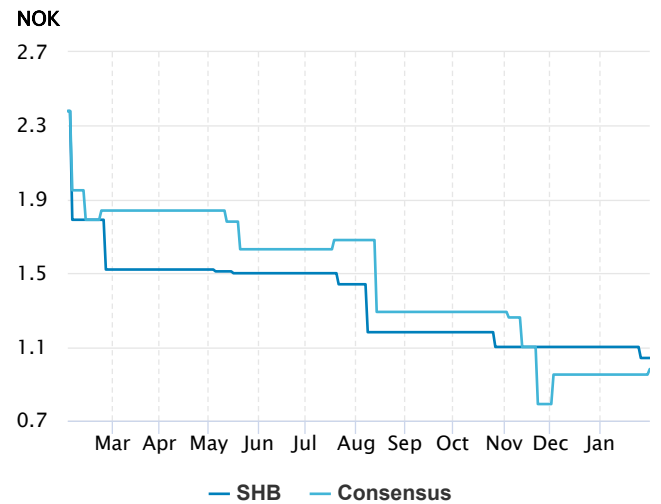
**Momentum**

**Adjusted EPS – 2024 estimate revisions**



Sources: Handelsbanken and FactSet

**Adjusted EPS – 2025 estimate revisions**



Sources: Handelsbanken and FactSet

**Valuation data**

NOK	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price year-end/current	25.7	27.5	41.9	42.0	27.3	48.0	89.5	107	103	107	67.4	56.7	56.7	56.7	56.7
Share price high	46.0	29.0	44.0	56.8	47.5	64.4	102	123	155	123	115	69.0	63.1	-	-
Share price low	21.1	17.7	26.1	33.0	21.5	23.3	37.6	42.5	90.5	79.5	40.7	47.2	50.5	-	-
Market cap (m)	547.5	586.8	899.8	908.5	588.8	1,038	1,954	2,643	2,784	2,895	1,827	1,537	1,537	1,537	1,537
Net debt (m)	-216.9	-204.5	-136.0	-165.5	-124.6	-105.2	-126.8	-277.9	-252.2	-223.8	-235.6	-239.7	-260.4	-328.3	-458.5
EV (m)	330.5	382.2	763.8	743.0	464.2	933.1	1,827	2,365	2,532	2,671	1,591	1,297	1,277	1,209	1,079
P/E reported (x)	n.m	n.m	n.m	25.7	n.m	n.m	61.4	n.m	n.m	n.m	>99	>99	54.3	19.5	11.0
P/E adj (x)	n.m	n.m	n.m	25.7	n.m	n.m	61.4	n.m	n.m	n.m	>99	>99	54.3	19.5	11.0
Pre-tax ROIC (%)	<-200	-12.8	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	18.0	26.4	46.0	73.3
EV/sales (x)	4.0	3.0	5.7	5.2	3.1	5.1	6.5	9.2	7.0	6.8	3.2	2.5	2.3	1.9	1.6
EV/EBITDA (x)	n.m	n.m	n.m	n.m	n.m	n.m	31.0	n.m	>99	n.m	28.7	23.0	16.0	9.0	5.1
EV/EBIT (x)	n.m	n.m	n.m	n.m	n.m	n.m	42.8	n.m	n.m	n.m	57.2	47.7	25.4	11.7	6.0
EBIT adj margin (%)	-85.9	-4.4	-16.3	-11.0	-30.0	-13.1	15.2	-9.0	-1.5	-11.0	5.6	5.2	9.1	16.5	26.2
EBITDA adj margin (%)	-84.2	-3.2	-13.4	-5.6	-21.9	-5.8	20.9	-1.5	5.1	-6.3	11.1	10.9	14.5	21.3	30.8
FCF adj yield (%)	-18.4	-1.2	-4.0	-0.28	-7.2	-2.5	1.0	0.53	0.72	-0.19	2.0	0.88	2.0	5.1	9.2

Source: Handelsbanken

## Peer group valuation

	CCY	Price (Sh. curr.)	Mcap (EURm)
<b>Photocure</b>	NOK	56.7	131
<b>Ambu*</b>	DKK	135	4,785
<b>BioGaia</b>	SEK	121	1,066
Bonesupport	SEK	348	1,996
CellaVision	SEK	227	470
<b>Vitrolife</b>	SEK	223	2,632
Össur hf	USD	4.7	1,948
Raysearch	SEK	236	704

Split financial year

Sources: Handelsbanken and FactSet

## DCF model assumptions

NOKm	2023	2024e	2025e	2026e	2027e	2028e	2033e	2038e	2043e
Sales	500.7	519.2	551.4	626.9	690.8	741.7	1,090	1,326	n.m
EBITDA - Reported	55.4	56.5	79.8	133.6	212.7	289.4	468.6	563.5	0.0
EBITA2 - Reported (=EBITA bef gw amort) (use: IS)	27.8	27.2	50.3	103.1	181.2	256.9	457.7	556.9	0.0
Sales CAGR (%)	27.5	3.7	6.2	13.7	10.2	7.4	8.0	4.0	-8.0
EBITDA growth (%)	n.m	1.8	41.3	67.5	59.2	36.0	10.1	3.8	n.m
EBITA growth (%)	n.m	-2.2	84.8	105.1	75.7	41.7	12.2	4.0	n.m
EBITDA margin (%)	11.1	10.9	14.5	21.3	30.8	39.0	43.0	42.5	n.m
EBITA margin (%)	5.6	5.2	9.1	16.5	26.2	34.6	42.0	42.0	34.0
Capex/sales (%)	2.5	2.6	2.8	2.8	2.8	1.9	1.0	0.50	0.20
Capex/depreciation (x)	0.45	0.46	0.52	0.57	0.61	0.44	1.0	1.0	1.0
Net working cap/sales (%)	7.1	8.2	9.8	10.7	11.3	11.7	8.0	8.0	8.0

Source: Handelsbanken

## WACC assumptions

WACC assumptions (%)	
Risk-free interest rate	2.0
Equity market risk premium	4.5
Extra risk premium	1.0
Equity beta (x)	1.3
Implicit asset beta (x)	1.1
Cost of equity	8.6
Pre-tax cost of debt	4.0
Equity weight	100
<b>WACC</b>	<b>8.6</b>

Source: Handelsbanken

## Calculation of DCF

Calculation of DCF (NOKm)	
NPV FCFF	2,456
Net debt incl Hybrid capital	262
Market value Preferred stock	0.0
Market value Associates	0.0
Market value Minorities	0.0
Surplus values	0.0
Other adjustments	0.0
DCF value	2,717
<b>DCF value/share (NOK)</b>	<b>100</b>

Source: Handelsbanken

## DCF checkpoints

DCF checkpoints (%)	
5y hist sales growth	22.5
5y exp sales growth	8.2
Sustainable growth	-14.0
Sust EBITDA margin	n.m
Sust EBITA margin	34.0
Sust after-tax ROIC	54.0
Terminal value/DCF	7.6
Implicit equity weight	112
<b>Share price potential to DCF value</b>	<b>76.8</b>

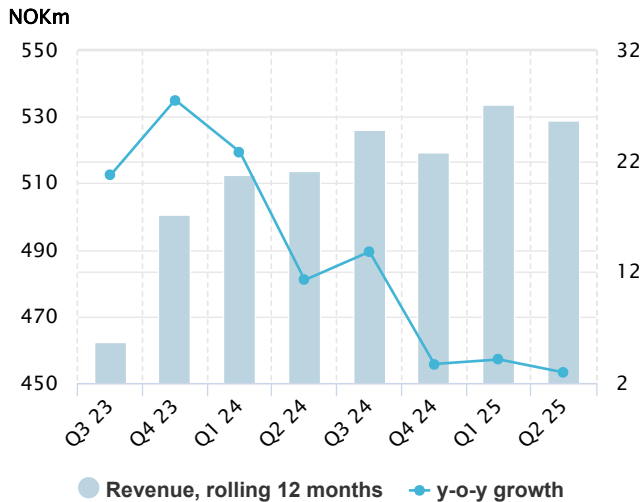
Source: Handelsbanken

**P&L accounts – quarterly data**

NOKm	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24e	Q1 25e	Q2 25e
Sales	107.5	142.5	118.0	145.4	120.2	135.5	132.3	140.6
Cost of goods sold	-6.9	-5.9	-7.7	-7.6	-7.9	-7.4	-7.9	-8.4
Gross profit	100.7	136.7	110.3	137.8	112.4	128.1	124.4	132.2
Sales and marketing costs	-77.6	-90.5	-82.3	-90.7	-83.9	-86.8	-90.3	-90.3
Admin costs	-4.3	-2.3	-3.9	-3.5	-4.0	-5.2	-5.6	-5.9
SG&A	-81.9	-92.8	-86.2	-94.2	-87.9	-92.0	-95.9	-96.2
R&D costs	-1.0	-0.3	-0.8	-1.1	-1.6	-1.7	-5.2	-5.2
OPEX	-82.9	-93.1	-87.0	-95.3	-89.5	-93.7	-101.0	-101.4
Other operating expenses	-21.6	-21.1	-22.7	-22.1	-25.0	-26.0	-15.5	-15.5
EBITDA	3.3	29.9	7.9	27.9	5.0	15.6	15.2	22.6
<b>EBIT</b>	<b>-3.9</b>	<b>22.5</b>	<b>0.5</b>	<b>20.5</b>	<b>-2.2</b>	<b>8.4</b>	<b>7.9</b>	<b>15.3</b>
Net interest expenses	0.0	-17.1	0.0	0.0	0.0	-14.0	0.0	0.0
Net financials	-4.8	-5.9	-4.8	-4.5	-2.8	-3.0	-3.5	-3.5
<b>EBT</b>	<b>-8.7</b>	<b>16.5</b>	<b>-4.2</b>	<b>16.0</b>	<b>-4.9</b>	<b>5.4</b>	<b>4.4</b>	<b>11.8</b>
Total tax	3.9	-4.1	-3.9	-3.8	1.5	-1.2	-1.0	-2.6
tax rate (%)	44.7	24.6	-92.3	24.0	29.9	22.0	22.0	22.0
EPS rep (NOK)	-0.18	0.46	-0.30	0.45	-0.13	0.16	0.13	0.34
<b>Net income</b>	<b>-4.8</b>	<b>12.5</b>	<b>-8.1</b>	<b>12.1</b>	<b>-3.5</b>	<b>4.2</b>	<b>3.4</b>	<b>9.2</b>
<b>Growth (%)</b>								
Sales	0.72	36.8	11.1	0.78	11.8	-4.9	12.1	-3.3
EBITDA	-28.8	n.m	n.m	19.1	50.2	-47.6	90.9	-18.7
Net income	n.m	n.m	n.m	178	n.m	-66.2	n.m	-24.2
<b>of sales (%)</b>								
Gross margin	93.6	95.9	93.4	94.8	93.5	94.5	94.0	94.0
EBITDA margin	3.1	21.0	6.7	19.2	4.2	11.5	11.5	16.1
EBT margin	-8.1	11.6	-3.6	11.0	-4.1	4.0	3.3	8.4
Net margin	-4.5	8.7	-6.9	8.3	-2.9	3.1	2.6	6.5
SG&A	76.2	65.1	73.1	64.8	73.1	67.9	72.4	68.4
OPEX	77.1	65.3	73.7	65.5	74.5	69.2	76.3	72.1
<b>Adjusted values</b>								
EBITDA	3.3	29.9	7.9	27.9	5.0	15.6	15.2	22.6
margin (%)	3.1	21.0	6.7	19.2	4.2	11.5	11.5	16.1
EBT	-8.7	16.5	-4.2	16.0	-4.9	5.4	4.4	11.8
EPS adj (NOK)	-0.18	0.46	-0.30	0.45	-0.13	0.16	0.13	0.34
Net income	-4.8	12.5	-8.1	12.1	-3.5	4.2	3.4	9.2

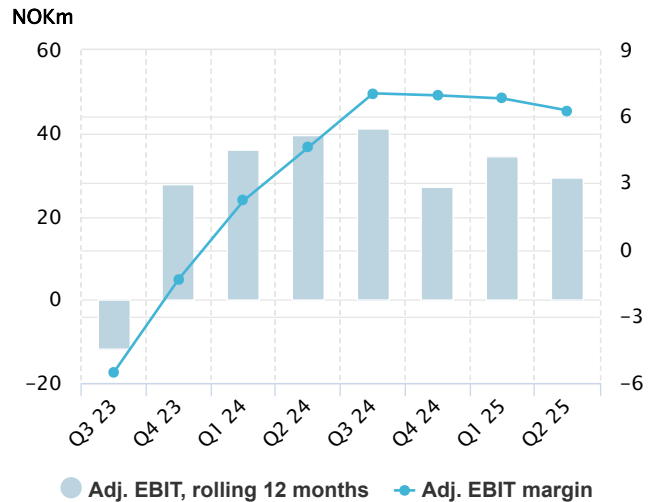
Source: Handelsbanken

**Revenue, 12-month rolling**



Source: Handelsbanken

**Adjusted EBIT, 12-month rolling**



Source: Handelsbanken

## Business areas – quarterly data

NOKm	2025	2025	Q1 24	Q2 24	Q3 24	Q4 24e	Q1 25e	Q2 25e
<b>Sales</b>								
Cysview US	43.6	46.7	47.5	50.4	49.0	47.7	56.1	59.6
Hexvix Europe	63.9	64.3	70.6	73.4	71.3	73.1	76.1	80.9
Signing fees and milestone revenues	0.2	28.4	0.0	21.6	0.0	11.0	-	-
<b>Total</b>	<b>108</b>	<b>143</b>	<b>118</b>	<b>145</b>	<b>120</b>	<b>136</b>	<b>132</b>	<b>141</b>
<b>Y-o-y sales growth (%)</b>								
Cysview US	1.6	20.7	12.6	9.1	12.3	2.2	18.2	18.2
Hexvix Europe	17.1	16.5	10.1	3.1	11.5	13.6	7.8	10.2
Signing fees and milestone revenues	-97.3	206	n.m	-19.6	n.m	-61.2	n.m	n.m
<b>Total</b>	<b>0.7</b>	<b>36.8</b>	<b>11.1</b>	<b>0.8</b>	<b>11.8</b>	<b>-4.9</b>	<b>12.1</b>	<b>-3.3</b>

Source: Handelsbanken

## P&amp;L accounts – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>Income statement</b>								
Sales	256.5	360.5	392.6	500.7	519.2	551.4	626.9	690.8
Cost of goods sold	-18.5	-24.1	-22.5	-26.1	-30.6	-33.1	-37.5	-41.3
Gross profit	238.0	336.5	370.1	474.5	488.6	518.3	589.4	649.5
Sales and marketing costs	-187.8	-259.9	-303.4	-334.9	-343.7	-362.2	-369.9	-366.1
Admin costs	-12.8	-14.8	-15.3	-12.6	-16.6	-23.2	-25.1	-27.6
SG&A	-200.6	-274.7	-318.7	-347.6	-360.3	-385.4	-394.9	-393.8
R&D costs	-13.8	-4.3	-3.3	-2.1	-5.3	-20.7	-31.3	-34.5
OPEX	-214.4	-279.0	-322.1	-349.6	-365.6	-406.1	-426.3	-428.3
Other operating expenses	-59.5	-62.8	-91.4	-97.1	-95.8	-62.0	-60.0	-40.0
EBITDA	-16.8	18.4	-24.6	55.4	56.5	79.8	133.6	212.7
Net interest expenses	2.8	-25.8	-22.1	-17.1	-14.0	-13.0	-1.0	-1.0
Net financials	2.8	-25.8	-22.1	-18.1	-15.0	-14.0	-2.0	-2.0
Paid tax	-	-	-	-9.5	-7.4	-8.0	-22.2	-39.4
Tax	10.8	0.8	-0.7	-9.5	-7.4	-8.0	-22.2	-39.4
tax rate (%)	32.7	2.4	-1.1	96.9	60.8	22.0	22.0	22.0
EPS rep (NOK)	-0.90	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
<b>Net income</b>	<b>-22.4</b>	<b>-30.9</b>	<b>-71.8</b>	<b>0.3</b>	<b>4.8</b>	<b>28.3</b>	<b>78.9</b>	<b>140</b>
<b>Growth (%)</b>								
Sales	-8.9	40.6	8.9	27.5	3.7	6.2	13.7	10.2
EBITDA	n.m	n.m	n.m	n.m	1.8	41.3	67.5	59.2
Net income	n.m	n.m	n.m	n.m	>900	491.3	178.7	77.2
<b>% of sales (%)</b>								
EBITDA margin	-6.5	5.1	-6.3	11.1	10.9	14.5	21.3	30.8
EBT margin	-12.9	-8.6	-16.7	2.0	2.4	6.6	16.1	25.9
Net margin	-8.7	-8.4	-16.9	0.06	0.92	5.1	12.6	20.2
SG&A	78.2	76.2	81.2	69.4	69.4	69.9	63.0	57.0
OPEX	83.6	77.4	82.0	69.8	70.4	73.6	68.0	62.0
<b>Profitability (%)</b>								
ROE reported	-6.3	-6.1	-14.9	0.06	0.99	5.6	14.2	21.1
ROE adj	-2.7	-6.1	-14.9	0.06	0.99	5.6	14.2	21.1
ROCE	n.m	n.m	n.m	5.5	5.4	9.6	17.8	26.3
Pre-tax ROIC	-14.3	3.8	-10.7	18.6	18.0	26.4	46.0	73.3
After tax ROIC	-14.3	3.8	-10.7	0.57	7.0	20.6	35.9	57.2
Sales/capital invested (x)	1.6	1.5	1.6	2.1	2.1	2.2	2.4	2.6
Sales/total assets (x)	0.5	0.5	0.5	0.7	0.7	0.8	0.8	0.8
Sales per employee (NOKm)	2.8	3.6	3.6	4.6	4.8	5.1	5.8	6.3
<b>Adjusted values</b>								
Total adjustments to net inc	-12.9	-	-	-	-	-	-	-
EBITDA	-3.9	18.4	-24.6	55.4	56.5	79.8	133.6	212.7
margin (%)	-1.5	5.1	-6.3	11.1	10.9	14.5	21.3	30.8
EBT	-20.2	-31.1	-65.4	9.8	12.2	36.3	101.1	179.2
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
Net income	-9.5	-30.9	-71.8	0.3	4.8	28.3	78.9	139.8

Source: Handelsbanken

## Business areas – annual data

NOKm	2025	2025	2022	2023	2024e	2025e	2026e	2027e
<b>Sales</b>								
Cysview US	113	125	151	179	195	234	274	313
Hexvix Europe	132	227	222	264	288	318	353	378
Signing fees and milestone revenues	-	6	19	56	33	-	-	-
<b>Total</b>	<b>256.5</b>	<b>360.5</b>	<b>392.6</b>	<b>500.7</b>	<b>519.2</b>	<b>551.4</b>	<b>626.9</b>	<b>690.8</b>
<b>Sales growth (%)</b>								
Cysview US	15	11	20	18	9	20	17	14
Hexvix Europe	15	72	-2	19	9	10	11	7
Signing fees and milestone revenues	n.m	n.m	191	198	-41	n.m	n.m	n.m
<b>Total</b>	<b>-8.9</b>	<b>40.6</b>	<b>8.9</b>	<b>27.5</b>	<b>3.7</b>	<b>6.2</b>	<b>13.7</b>	<b>10.2</b>

Source: Handelsbanken

## Forecast balance sheet – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Accounts receivable	43	48	47	60	65	74	84	93
Inventory	30	28	27	37	41	46	52	58
Other current assets	5	15	16	16	16	16	16	16
Cash & other interest-bearing	335	323	268	260	264	284	352	482
<b>Current assets</b>	<b>412</b>	<b>413</b>	<b>358</b>	<b>372</b>	<b>385</b>	<b>420</b>	<b>505</b>	<b>649</b>
Goodwill	144	144	144	144	144	144	144	144
R&D	163	146	129	113	104	99	94	89
Tangible assets	2	4	4	5	4	5	6	8
Oth non-IB fixed assets	50	53	55	49	49	49	49	49
<b>Total assets</b>	<b>776</b>	<b>790</b>	<b>719</b>	<b>711</b>	<b>718</b>	<b>749</b>	<b>831</b>	<b>974</b>
Equity	508	503	463	482	487	515	594	734
Shareholder equity	508	503	463	482	487	515	594	734
Pension provisions	3	4	5	2	2	2	2	2
Deferred tax liabilities	144	139	135	128	128	128	128	128
Long-term interest-bearing debt	50	13	-	-	-	-	-	-
Trade payables	-	24	21	20	21	24	28	31
Other current liabilities	67	53	55	58	58	58	58	58
<b>Current liabilities</b>	<b>67</b>	<b>102</b>	<b>89</b>	<b>78</b>	<b>79</b>	<b>82</b>	<b>86</b>	<b>88</b>
<b>Total equity &amp; liabilities</b>	<b>776</b>	<b>790</b>	<b>719</b>	<b>711</b>	<b>718</b>	<b>749</b>	<b>831</b>	<b>974</b>
Net interest bearing debt	-278	-252	-224	-236	-240	-260	-328	-458

Source: Handelsbanken

## Forecast cash flow

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>EBIT before associates</b>	<b>-35.9</b>	<b>-5.3</b>	<b>-43.3</b>	<b>27.8</b>	<b>27.2</b>	<b>50.3</b>	<b>103.1</b>	<b>181.2</b>
+ Net financials	2.8	-25.8	-22.1	-18.1	-15.0	-14.0	-2.0	-2.0
- Paid tax	10.8	0.8	-0.7	-9.5	-7.4	-8.0	-22.2	-39.4
- Change in NWC	17.1	-3.2	-0.2	-11.7	-7.0	-11.4	-13.1	-11.1
+ Depreciation/impairment	19.1	23.6	18.5	27.6	29.3	29.5	30.5	31.5
+ Other adjustment	1.6	33.8	45.8	32.2	n.m	n.m	n.m	n.m
<b>Cash flow from operations (CFFO)</b>	<b>15.6</b>	<b>23.9</b>	<b>-2.0</b>	<b>48.3</b>	<b>27.0</b>	<b>46.4</b>	<b>96.3</b>	<b>160.2</b>
- Net recurring capex	-1.6	-3.7	-3.6	-12.3	-13.4	-15.2	-17.3	-19.1
<b>FCF bef Acq. &amp; Div. (FCF)</b>	<b>14.0</b>	<b>20.2</b>	<b>-5.6</b>	<b>36.0</b>	<b>13.6</b>	<b>31.1</b>	<b>78.9</b>	<b>141.1</b>
<b>FCF to equity (FCFE)</b>	<b>14.0</b>	<b>20.2</b>	<b>-5.6</b>	<b>36.0</b>	<b>13.6</b>	<b>31.1</b>	<b>78.9</b>	<b>141.1</b>
+ New share issue	314.7	13.9	7.6	n.m	n.m	n.m	n.m	n.m
+ Other adjustments	-169.1	-8.6	-44.3	1.0	-2.7	-1.5	-1.5	-1.0
<b>NET cash flow/change in NIBD</b>	<b>209.6</b>	<b>-12.0</b>	<b>-54.8</b>	<b>-5.7</b>	<b>4.1</b>	<b>20.7</b>	<b>68.0</b>	<b>130.1</b>
Funds from operations (FFO)	-1.5	27.1	-1.8	60.1	34.0	57.8	109.4	171.3
Cash flow from operations (CFFO)	15.6	23.9	-2.0	48.3	27.0	46.4	96.3	160.2
FCF bef Acquisitions & Divestments (FCF)	14.0	20.2	-5.6	36.0	13.6	31.1	78.9	141.1
FCF to equity (FCFE)	14.0	20.2	-5.6	36.0	13.6	31.1	78.9	141.1

Source: Handelsbanken



## Financial ratios – annual data

%	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Equity/total assets	65.5	63.7	64.4	67.8	67.8	68.8	71.5	75.4
Net debt/equity	-54.7	-50.2	-48.4	-48.9	-49.2	-50.5	-55.3	-62.5
Net cash flow/capex	>500	<-200	<-200	-46.2	30.6	136	392	>500
EBITDA net interest cover (x)	n.m	0.7	n.m	3.2	4.0	6.1	132	211
EBIT net interest cover (x)	n.m	n.m	n.m	1.6	1.9	3.9	102	179
FCFF/total debt	21.0	271	344	86.4	>500	>500	>500	>500
Total debt/capital	9.5	3.3	1.0	0.39	0.39	0.37	0.32	0.26
Long-term debt/capital	8.9	2.4	0	0	0	0	0	0
Inventory/sales	11.6	7.6	6.8	7.4	7.8	8.4	8.4	8.4
Receivables/sales	18.6	17.4	16.2	15.1	15.6	16.3	16.0	15.7
Accounts payable/sales	26.2	21.4	19.5	15.5	15.3	14.9	13.6	12.8
Working capital/sales	3.9	3.7	3.4	7.1	8.2	9.8	10.7	11.3
Current ratio	613	405	402	480	486	511	590	734
Quick ratio	569	378	372	432	435	455	529	669

Source: Handelsbanken

## Per share data

m	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Nr of shares, year-end	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
Nr of shares, average	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
EPS reported (NOK)	-0.90	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
Y-o-y growth (%)	n.m	n.m	n.m	n.m	>900	491.3	178.7	77.2
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
Y-o-y growth (%)	n.m	n.m	n.m	n.m	>900	491.3	178.7	77.2
Cash earnings (NOK)	-0.13	-0.27	-1.96	1.03	1.26	2.13	4.03	6.3
DPS - ordinary (NOK)	-	-	-	-	-	-	-	-
Book value (NOK)	20.5	18.5	17.1	17.8	18.0	19.0	21.9	27.1
Y-o-y growth (%)	114.5	-9.5	-7.9	4.2	1.0	5.8	15.3	23.5
Net debt (NOK)	-11.4	-11.3	-9.7	-9.5	-9.7	-10.4	-12.9	-17.7
NAV (NOK)	8.1	7.8	7.0	8.3	8.8	10.1	13.2	18.5

Source: Handelsbanken

# Disclaimer

## Recommendation structure and allocations

Handelsbanken Equity Research employs a three-graded short-term and long-term recommendation scale. The short-term recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms on a three-month time horizon and the long-term recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms on a three-year time horizon.

The analyst's assessment takes into account risks related to both fundamental expectations and share performance. This assessment is not based on a proprietary Handelsbanken model and the basis for the analyst's assessment is dependent on the characteristics of the sector and the company and a multitude of fundamental and timing factors are incorporated. For more detailed information about the recommendation structure please consult the Handelsbanken's Research website: <https://www.researchonline.se/desc/rechist>

**Investment recommendations are determined by the ranges described in the table below.** The recommendations do not represent the analyst's or the bank's assessment of the company's fundamental value or quality. The recommendations and absolute performance intervals, together with the allocation of the recommendation categories amongst companies under coverage and amongst companies under coverage for which Handelsbanken has provided investment banking services in the past 12 months are listed below:

## Recommendation structure

SHB long-term recommendation (3 years)	R <sub>p</sub> is expected to be <sup>1</sup>	SHB universe <sup>2</sup>	IB services <sup>3</sup>
Outperform	above 40%	57%	22%
Market Perform	between 20% and 40%	34%	16%
Underperform	below 20%	9%	20%

<sup>1</sup> R<sub>p</sub> is defined as the expected share price appreciation or depreciation including dividends over the next three years

<sup>2</sup> Percentage of companies under coverage within each recommendation

<sup>3</sup> Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

SHB short-term recommendation (3 months)	Return expected to be <sup>4</sup>	SHB universe <sup>5</sup>	IB services <sup>6</sup>
Buy	above 5%	44%	21%
Hold	between 0% and 5%	51%	21%
Sell	below 0%	5%	0%

<sup>4</sup> Return expected to be is defined as the expected share price appreciation or depreciation including dividends over the next three months

<sup>5</sup> Percentage of companies under coverage within each recommendation

<sup>6</sup> Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

Source: Handelsbanken, as per 3 February 2025

## Risk warning

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The long-term recommendation Outperform was set on 25 Mar 2022 as the first long-term recommendation for the company at the share price of NOK 56.70.

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Completion date: 3 Feb 2025 17:40 CET

## Company overview

%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>P&amp;L</b>													
Sales (NOKm)	135	144	151	182	282	256	361	393	501	519	551	627	691
growth	4	7	5	20	55	-9	41	9	28	4	6	14	10
Gross margin	93.9	93.5	92.0	90.6	92.0	92.8	93.3	94.3	94.8	94.1	94.0	94.0	94.0
R&D to sales	23.3	16.0	21.6	10.5	4.8	5.4	1.2	0.85	0.41	1.0	3.8	5.0	5.0
SG&A to sales	62.2	62.9	71.4	72.5	56.7	78.2	76.2	81.2	69.4	69.4	69.9	63.0	57.0
EBITDA (NOKm)	-18	-8	-33	-25	59	-17	18	-25	55	56	80	134	213
margin	-13.4	-5.6	-21.9	-13.6	20.9	-6.5	5.1	-6.3	11.1	10.9	14.5	21.3	30.8
EBITA (NOKm)	-22	-12	-39	-26	54	-22	9	-26	45	44	66	120	198
margin	-16.3	-8.3	-25.9	-14.5	19.2	-8.7	2.5	-6.7	9.0	8.5	12.0	19.1	28.7
EBIT (NOKm)	-22	-16	-45	-38	43	-36	-5	-43	28	27	50	103	181
margin	-16.3	-11.0	-30.0	-20.9	15.2	-14.0	-1.5	-11.0	5.6	5.2	9.1	16.5	26.2
Net income (NOKm)	-36	35	-35	-37	32	-22	-31	-72	0.3	5	28	79	140
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	491	179	77.2
Adj net income (NOKm)	-36	35	-35	-23	32	-10	-31	-72	0.3	5	28	79	140
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900%	491	179	77.2
<b>Balance sheet (NOKm)</b>													
Tangible assets	2	2	1	2	2	2	4	4	5	4	5	6	8
Goodwill	-	-	-	-	-	144	144	144	144	144	144	144	144
Current assets	204	212	176	153	187	412	413	358	372	385	420	505	649
Cash	134	169	129	107	125	335	323	268	260	264	284	352	482
Total assets	248	286	263	231	257	776	790	719	711	718	749	831	974
Equity	210	252	218	176	209	508	503	463	482	487	515	594	734
Long-term int bearing debt	-	-	-	-	-	50	13	-	-	-	-	-	-
Current liab	34	31	40	52	39	67	102	89	78	79	82	86	88
Total liabilities	248	286	263	231	257	776	790	719	711	718	749	831	974
Net int bearing debt	-136	-165	-125	-105	-134	-282	-306	-263	-258	-262	-282	-350	-480
<b>Cash flow (NOKm)</b>													
FFFO	-21	19	-24	-24	21	16	24	-2	48	27	46	96	160
Capex	-15	-22	-19	-2	-1	-2	-4	-4	-12	-13	-15	-17	-19
Free cash flow	-36	-3	-42	-26	20	14	20	-6	36	14	31	79	141
FCF to equity	-36	-3	-42	-26	20	14	20	-6	36	14	31	79	141
<b>Ratios</b>													
Pre-tax ROIC	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	18.0	26.4	46.0	73.3
ROE reported	-16.1	15.3	-14.8	-18.6	16.5	-6.3	-6.1	-14.9	0.06	0.99	5.6	14.2	21.1
ROCE	n.m	n.m	n.m	n.m	21.5	n.m	n.m	n.m	5.5	5.4	9.6	17.8	26.3
Capex to sales	11.1	15.1	12.3	1.2	0.39	0.63	1.0	0.92	2.5	2.6	2.8	2.8	2.8
NWC to sales	27.0	8.6	4.0	-3.2	8.1	3.9	3.7	3.4	7.1	8.2	9.8	10.7	11.3
Sales/assets (NOKx)	0.52	0.54	0.55	0.73	1.15	0.50	0.46	0.52	0.70	0.73	0.75	0.79	0.77
Sales/IC (x)	2.46	1.79	1.68	2.21	3.68	1.64	1.50	1.60	2.06	2.10	2.20	2.41	2.55
Net debt/equity	-64.7	-65.7	-57.1	-59.6	-60.8	-54.7	-50.2	-48.4	-48.9	-49.2	-50.5	-55.3	-62.5
Equity/total assets	84.7	88.0	82.9	76.3	81.1	65.5	63.7	64.4	67.8	67.8	68.8	71.5	75.4
<b>Share data (NOKm)</b>													
Avg no shares (m)	21.5	21.6	21.6	21.6	21.8	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
change (%)	0.6	0.7	-0.3	0.3	0.9	14	9	0.0	0.0	0.0	0.0	0.0	0.0
Avg diluted shares (m)	21.5	21.6	21.6	21.6	21.8	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
change (%)	0.6	0.7	-0.3	0.3	0.9	13.6	9.3	0.0	0.0	0.0	0.0	0.0	0.0
Share price YE (NOK)	41.9	42.0	27.3	48.0	89.5	106.6	102.7	106.8	67.4	56.7	56.7	56.7	56.7
Market cap	900	909	589	1,038	1,954	2,643	2,784	2,895	1,827	1,537	1,537	1,537	1,537
EV	764	743	464	933	1,827	2,365	2,532	2,671	1,591	1,297	1,277	1,209	1,079
Net debt/share (NOK)	-6.3	-7.7	-5.8	-4.9	-6.1	-11.4	-11.3	-9.7	-9.5	-9.7	-10.4	-12.9	-17.7
EPS reported (NOK)	-1.68	1.63	-1.61	-1.70	1.46	-0.90	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	491	179	77
EPS adj (NOK)	-1.68	1.63	-1.61	-1.04	1.46	-0.39	-1.14	-2.65	0.01	0.18	1.04	2.91	5.2
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	491	179	77
DPS - Ordinary	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Handelsbanken