

# Scandinavian ChemoTech

Sector: Medtech

## Zapping Cancer

Redeye initiates coverage of Scandinavian ChemoTech, a Swedish medtech company in early-stage commercialisation with its tumour-specific electroporation (TSE) treatment method for both humans and animal cancer patients. Scandinavian ChemoTech awaits case study data from superficial and deep-seated tumours, and we believe its technology has the potential to disrupt the cancer market by providing a new and innovative approach to cancer treatment.

### Enhanced technology

Scandinavian ChemoTech offers a cost-effective treatment method for multiple cancer indications. Its TSE technology generates a dynamic electric pulse targeting solid tumours. TSE is equipped with a patented dynamic self-adapting reversible electroporation pulse developed to improve the uptake of chemotherapy without immediate destruction (necrosis), which is the usual aim with other therapies. It minimises the risk to untreated areas relative to competitors' products, and thus offers a solid value proposition.

### Asset-light business model prepared for profitability

The business model uses local distributors for its ISO and CE-marked products, allowing the company to target several markets, although its primary focus for now is the Indian market. This approach comes with an initial cost to profitability, but we believe Scandinavian ChemoTech will be cash flow positive through this razor-and-blade business model once it reaches sufficient volumes in 2027e. We see sales ramping up from cSEK4m in 2023e to cSEK20m in 2025e.

### Base case of SEK9 per share

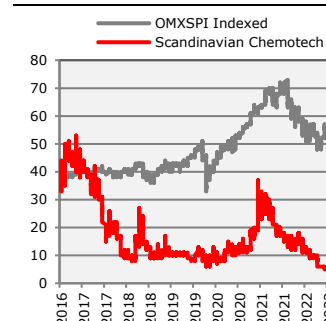
Our 2023e–2034e DCF model suggests a SEK9 base case (bull case: SEK23; bear case: SEK1) on a 16.5% WACC. We argue that Scandinavian ChemoTech is a growth case, with its animal care segment leading sales in the near term. However, the success of future sales growth depends on obtaining the necessary financing for the coming years and further clinical validation from AIIMS in Jodhpur and Uli in Ukraine. We expect quarterly reports together with clinical validation to close our c29% valuation gap within 12-18 months.

Key Financials (SEKm)	2022	2023e	2024e	2025e
Revenues	0	4	8	20
Revenue growth	865%	681%	129%	136%
EBIT	-21	-25	-27	-26
EBIT Margin (%)	-4421%	-684%	-322%	-129%
Net Income	-23	-26	-29	-28
Net Income Margin (%)	-4809%	-706%	-346%	-139%
EV/Sales	132.2	32.4	14.6	7.6

### FAIR VALUE RANGE

BEAR	BASE	BULL
1	9	23

### CMOTEC VERSUS OMXSPI



### REDEYE RATING



### KEY STATS

Ticker	CMOTECb.ST
Market	First North
Share Price (SEK)	7
Market Cap (SEKm)	86
Net Debt (SEKm)	-68
Free Float (%)	71
Avg. daily volume ('000)	32.7

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## Investment thesis

### Case: A potential game-changer in the cancer market

Scandinavian ChemoTech aims to revolutionise the cancer market with its tumour-specific electroporation (TSE) technology. The company focuses its human care sales in semi-developing countries such as India and the Philippines for breast, head, and neck cancer, and on the US and European markets for its development of deep-seated treatment, including pancreatic and secondary bone cancer. While the human care segment depends on more clinical studies, Scandinavian ChemoTech's animal care segment has progressed further into the commercialisation phase, targeting markets in the US, the EU, New Zealand, and Australia. Although Redeye recognises the potential of the TSE technology, this has yet to meet expectations. However, shareholders are poised to reap significant rewards should it progress as planned.

### Evidence: Promising clinical results

Scandinavian ChemoTech's TSE technology mainly relies on two historical case studies and that electroporation is cited in both NICE and ESMO guidelines. The European Commission conducted the first study in 2006 to evaluate electroporation as a cancer treatment, focusing on the response rate of the treatment. The study included 41 patients and achieved an obtained response rate of 84.8%. This study was conducted using a one-dimensional treatment method, and Scandinavian ChemoTech latter undertook a similar study using its multidimensional device IQwave. In 2018, the results from its case study showed that of the 21 patients treated, 100% responded either wholly or partly. These promising results have since led to several ongoing case studies focusing on potential cancer indications, such as breast, pancreatic, squamous epithelium, and head and neck cancer for the human care segment, plus sarcoma, sarcoids, and melanoma cancer for the animal care segment. If Scandinavian Chemotech could just take a fraction of the market. We see a potential market size of USD1bn in human care and USD593m for animal care as of 2022.

### Challenge I: Time to market could be lengthy due to industry conservatism

A challenge for Scandinavian ChemoTech is to drive new technology sales. Product cycles in the medical technology sector can be long, and the company is an upcoming competitor with its dynamic electroporation technology. Although electroporation is already used as a treatment today and is gaining traction, we consider the next couple of years critical for the company to prove its business model. Moreover, the coming 12–18 months will be essential in validating the TSE technology in humans. We believe more clinical evidence is needed, and the study at AIIMS Jodhpur could provide the necessary clinical validation to facilitate the sales efforts for IQwave.

### Challenge II: More capital required

Based on our projections, Scandinavian ChemoTech still requires SEK62m to reach positive cash flows. We forecast the TO3 in April 2023 will generate SEK12m, while it will raise the remaining SEK50m through two rights issues. However, the company is exploring alternative financing options to meet its requirements.

### Valuation: Long-term value

We initiate coverage of Scandinavian ChemoTech with a SEK9 base case derived from our 2023e–2034e DCF model using a 16.5% WACC, based on Redeye's rating system. Our assessment suggests that the share is trading at a discount to fair value, and we wish to highlight the possibility of a revaluation if the animal care segment's sales surpass our projections or if the clinical validation for pancreatic, head and neck cancer yields robust data. We anticipate that such developments could propel the share towards our optimistic scenario of SEK23 within the coming 18 months.

## Counter-thesis

### **Clinical data key to success**

To succeed, Scandinavian ChemoTech must demonstrate to hospitals and clinics that its TSE technology can achieve remission for cancer patients. The sample size of recent studies has been relatively small and it might need to increase these to convince doctors to use the technology. If the company cannot achieve this, it could be detrimental to its success.

### **High barriers of entry – low pricing power**

Innovations in medical devices may face significant obstacles. The healthcare systems in many countries are based on a diagnosis-related grouping and may not provide coverage for the costs of new technologies. The failure to compensate for innovative technology can hinder the implementation of new technology and limit the advancement of devices. Variations in legislation among countries can create uncertainty, making it difficult for innovators to predict their works financial outcome, ultimately deterring innovation.

### **Capital requirements – increased operational expenses**

The limited financial capacity of consumers in developing markets can significantly impede the implementation of new technology, making it particularly challenging for domestic companies to innovate in the device market. We anticipate Scandinavian ChemoTech will see rising operational expenses in the short and long term, which will necessitate additional funding unless the company outperforms our projections. In our valuation, we have factored in SEK12m for anticipated dilution from the outstanding T03 warrants in April. Additionally, we have modelled two rights issues totalling SEK50m (SEK25m in Q4 2023 and SEK25m in Q4 2024). We believe Scandinavian ChemoTech will be able to raise the required funding, but considering its high-risk profile, these could prove more dilutive than we have modelled, in turn increasing the financial risk.

### **Limited clinical validation and uncertainty in pricing and effectiveness**

The absence of large-scale clinical trials and the limited clinical validation of Scandinavian ChemoTech's TSE technology underscore the lack of transparency as to how the company will compete with existing treatments in terms of price and effectiveness.

## Expected news flow and catalysts

### Potential distribution agreement with Avante Animal Health in Q1/Q2 2023

In Q4 2022, Scandinavian ChemoTech signed a letter of intent with Avante to install six vetIQure systems at various university hospitals and clinics that are Avante clients. Following a three-month evaluation period at each location, the letter of intent has the potential to be converted into a distribution agreement for 50 vetIQure devices and 2,000 treatment kits over the next two years. The agreement has an estimated sales potential of cSEK20m.

*Anticipated impact: Major*

*Time frame: Q1/Q2 2023*

### Results from the head and neck cancer study at AIIMS Jodhpur in Q3 2023

The company is conducting a clinical trial that has enrolled 30 head and neck cancer patients to evaluate the success of the company's TSE technology in controlling tumours. The primary endpoint of the study is overall tumour control. The study is also investigating the impact of TSE technology on the microenvironment of the tumour and its potential for treating solid tumours. The study is scheduled to be finished by Q3 2023, and if successful, it could support the rationale for making TSE a more widely used therapy option for patients in India.

*Anticipated impact: Major*

*Time frame: Q3 2023*

### Follow-up for pancreatic cancer treatment

Pancreatic cancer remains a significant challenge in terms of diagnosis and treatment. Despite significant efforts, most individuals diagnosed with this cancer ultimately succumb to the disease. Scandinavian ChemoTech has received promising updates from two of the treated patients with pancreatic cancer at the Ulis hospital in Ukraine. We believe the follow-up of these patients and the recruitment of new patients will boost the company's valuation.

*Anticipated impact: Major*

*Time frame: Q2 2024*

### Quarterly reports – assessing sales growth and financial stability

The coming quarterly reports will provide valuable insights into whether sales are beginning to increase and how well the company can negotiate with hospitals and clinics. Ideally, the reports will show stable pricing for the devices and an increasing number of treatments being performed, driving the gross margins upwards. But in uncertain times, keeping an eye on the burn rate of current operations is essential to ensure the company has sufficient capital.

*Anticipated impact: Moderate*

*Time frame: Ongoing*

## Table of contents

Investment thesis .....	2
Counter-thesis .....	3
Expected news flow and catalysts.....	4
Company description .....	5
Share price performance .....	9
Electroporation .....	10
Market .....	14
Clinical validation .....	20
Product portfolio .....	24
Financials .....	29
Valuation .....	37
Appendix 1: Management and board of directors.....	40
Summary Redeye Rating.....	42
Redeye Rating and Background Definitions .....	44
Redeye Equity Research team.....	45
Disclaimer .....	46

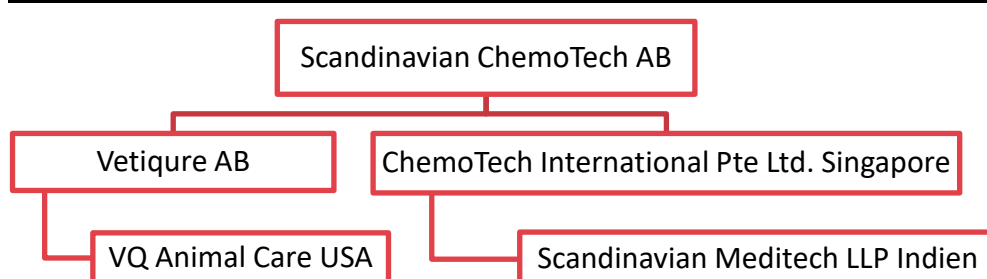
## Company description

### Background

Scandinavian ChemoTech was founded in 2013 by a team of experts in radiation physics, surgical oncology, and clinical development. The company has since developed a device platform based on its tumour-specific electroporation (TSE) technology, designed to treat various forms of cancer in humans and animals.

Scandinavian ChemoTech listed its share on Nasdaq First North in December 2016 at a price of SEK60, raising approximately SEK16.5m in gross proceeds. The company has since completed four rights issues totalling SEK58.5m and three directed new share issues totalling SEK28.5m. Currently, the company employs six people at its headquarters in Lund, Sweden, and holds a market capitalization of roughly SEK86m.

### Scandinavian ChemoTech: Company structure



Source: Scandinavian ChemoTech, Redeye research

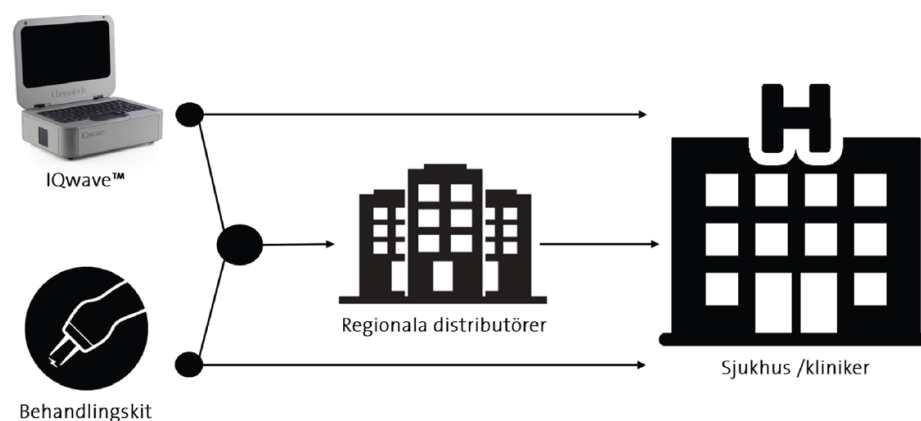
Year	Historical highlight
2013	- Scandinavian Chemotech was founded
2015	- Mohan Frick becomes Chairman of the board and CEO
2016	- Scandinavian Chemotech goes public on Nasdaq First North and raises SEK17m
2017	- IQwave received FDA approval in the Philippines and established local presence - First use of IQwave in India
2018	- Signs distribution agreements in Malaysia, Pakistan, and Myanmar - Publication of co-funders case study in "Trends in Cancer Research" - Rights issue of SEK18m
2019	- Signs distribution agreements in Singapore, Vietnam, and Kenya - Launch of its Animal Health business - Rights issue of SEK6m - Patent approval of its platform in Sweden
2020	- Rights issue of SEK12m - Signs distribution agreement in Ukraine - Launch of Vetiqure AB - First order Vetiqure AB from AniCura in Jönköping - Patent approval of its platform in Europe for the functionality of the hand unit and the treatment kit
2021	- CE marking of IQwave 3.0 - Directed share issue raising SEK21m - Preliminary result of the first TSE treatment at Evidensia Specialist Animal Hospital
2022	- First treatment in Ukraine for human care division - Rights issue of SEK15m - Signs distribution agreement in New Zealand, Australia, and Turkey - Signs LOI with Avante Animal Health in the United States
2023	- Directed rights issue of SEK2m

Source: Scandinavian ChemoTech, Redeye research

## Business model

Scandinavian ChemoTech's business concept is to develop and market cost-effective innovations and solutions for treating various types of cancer for humans and animals by reducing the side effects and unwanted destruction of healthy body tissue. Its business strategy involves selling products, such as IQwave, vetIQure, and treatment kits, through distributors and directly to end-customers. Using local distributors, the company can scale up quickly while maintaining a lean and efficient organisation. However, when selling through local distributors, the company's revenues per unit of IQwave, vetIQure, and associated treatment kits are typically lower than when selling directly to end-customers. We estimate 30% of sales can be attributed to distributor costs.

## Sales channels



Source: Scandinavian ChemoTech

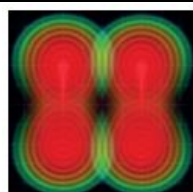
## Value proposition

Scandinavian ChemoTech reduces the cost of care in cancer treatment, optimises patient health, and alleviates palliative care. Since IQwave and vetIQure only affect the tumour area, the body is spared from chemotherapy-related side effects, reducing hospital stays for patients and cutting the use of pain-relieving medication.

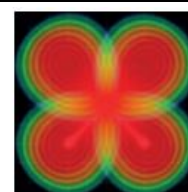
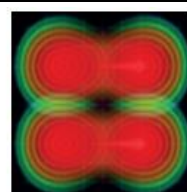
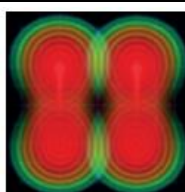
## Competitive advantage

The company boasts a unique competitive advantage thanks to its dynamic platform, which tailors treatment to each patient and tumour, reducing the risk of harmful side effects. The treatment's voltage is adjusted depending on the characteristics of the tissue, ensuring a more targeted approach, and is multidimensional. Competitors use one-dimensional electroporation systems, while Scandinavian ChemoTech's multidimensional approach covers a broader area with the current going vertically, horizontally, and diagonally, as shown in the images below.

### One-dimensional



### Multidimensional



Source: Scandinavian ChemoTech

Lars Hedbys has been the chair of Scandinavian ChemoTech's board since May 2020 and has a background in research and development at AstraZeneca. He also has significant experience in founding, managing, and developing life science companies: he is one of the co-founders of listed biotech company Idogen AB, where he was CEO for five years. The other board members have diverse backgrounds and experience, most with management experience from the life science sector.

Mohan Frick is one of the company's founders, and he has been a member of the board and CEO of Scandinavian ChemoTech since 2015. He has more than 20 years of experience as a manager, sales manager, and board member in the life science industry, working for companies such as OnMed, Sysmex, Arjo, Getinge, and Navigator Communications.

	Shareholding	Value (SEKm)	% of capital	% of votes
CEO	913,919	7.5	7.6%	19.1%
Sr Mgmt ex CEO	1,000	0.0	0.0%	0.0%
Chair of the Board	9,709	0.1	0.1%	0.1%
Board ex Chair	725,770	6.0	6.0%	6.0%
Outsiders	10,363,106	85.2	86.3%	74.8%

Source: Redeye research, Holdings (as of 22 February 2023), Scandinavian ChemoTech

We appreciate that the largest shareholder, Mohan Frick, owns 7.6% of the capital and 19.1% of the voting rights. However, Mohan Frick's ownership has decreased in percentage terms in the past years, and we would like to see him defending its current holdings in the coming rights issues. Moreover, it is positive to see that board member Martin Jerndal holds 5% of the capital. His experience stems primarily from banking. However, we would like to see some improvements in ownership among the five other board members, who together only hold ownership representing 1% of the company today.

Ownership							
Rank	Shareholder	A Shares	B Shares	Total Shares	Value (SEKm)	Share Capital	Voting Rights
1	Avanza Pension	0	1,411,122	1,411,122	11.6	11.7%	9.6%
2	Mohan Frick	665,000	248,919	913,919	7.5	7.6%	19.1%
3	Nyenburgh Holding B.V.	0	728,509	728,509	6.0	6.1%	6.3%
4	Martin Jerndal	0	594,704	594,704	4.9	5.0%	5.1%
5	J.H Consulting AB	0	418,667	418,667	3.4	3.5%	2.8%
6	Swedbank Försäkring	0	390,641	390,641	3.2	3.3%	2.6%
7	Tom Asplund	0	382,923	382,923	3.1	3.2%	2.6%
8	Hellers Medical AB	165,000	163,000	328,000	2.7	2.7%	4.5%
9	Nordnet Pensionsförsäkring	0	212,861	212,861	1.7	1.8%	1.4%
10	Karin och Christer Johanssons stiftelse för forskn o utbildn	0	188,628	188,628	1.6	1.6%	1.3%
11	Vega Bulk Carriers AS	0	160,000	160,000	1.3	1.3%	1.1%
12	Johan Grytting	0	123,800	123,800	1.0	1.0%	0.8%
13	Ola Svensson	0	112,779	112,779	0.9	0.9%	0.8%
14	Stein Erik Trålnes	0	83,000	83,000	0.7	0.7%	0.6%
15	Petter Lundström	0	80,000	80,000	0.7	0.7%	0.5%
Total 15 Largest Shareholders		830,000	5,299,553	6,129,553	50.4	51.0%	59.1%
Others		548,333	5,335,618	5,883,951	48.4	49.0%	40.9%
Total Number of Shares		1,378,333	10,635,171	12,013,504	98.8	100.0%	100.0%

Source: Modular Finance AB as of 2023-02-22

Free Float 72.0%

### Top 5 Shareholders

Shareholder	Ownership %
Avanza Pension	11.7%
Mohan Frick	7.6%
Nyenburgh Holding B.V.	6.1%
Martin Jerndal	5.0%
J.H Consulting AB	3.5%

### Ownership Concentration

Rank	Ownership %
Top 3	25.4%
Top 5	33.9%
Top 10	46.4%
Top 15	51.0%

Source: Redeye research, Holdings (as of 22 February 2023), Scandinavian ChemoTech



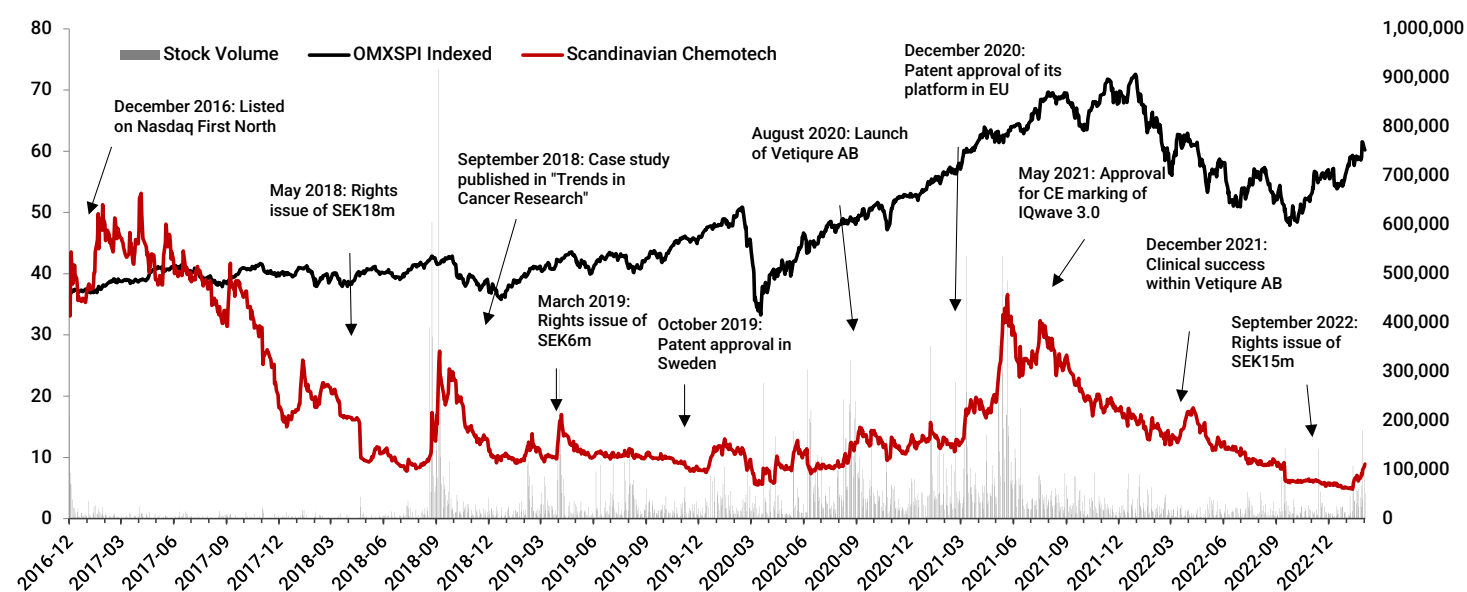
## Share price performance

Scandinavian ChemoTech went public on Nasdaq First North in December 2016 at a subscription price of SEK60 per share. The company raised SEK16.5m in the IPO, and the share price performance was initially strong, reaching an all-time high of SEK66 in April 2017, before declining in the subsequent 18 months to SEK10, largely due to a relatively uneventful period for the company and a rights issue. In September 2018, Scandinavian ChemoTech's co-founder's study of IQwave was published in the "Trends in Cancer Research" journal, and the share price rose around 66% from SEK20 to SEK37, trading at high volumes. It took Scandinavian ChemoTech approximately two and a half years to regain the share price highs of 2018, which it achieved in May 2021 when the company received a CE marking for its IQwave product.

Over the past 18 months, however, the share price has been steadily declining, which we attribute to the company's underperforming sales, the worsening macroeconomic conditions, and rights issuing financing.

Given the recent share price pressure, we anticipate a potential rebound in the stock if the company either reports strong sales in its animal care segment or releases positive updates on pancreatic cancer treatment outcomes or results from the head and neck cancer study in Jodhpur.

Scandinavian ChemoTech: Share price performance since IPO in 2016



Source: Millistream AB, Redeye research

## Electroporation

### The history behind electroporation

Research dating back to the 1970s has shown the effectiveness of using brief electrical pulses to change the structure of cell walls, thereby enhancing the delivery of genetic material to cells in a laboratory setting. In 1987, Japanese scientists Dr Okino and Dr Mohri demonstrated that this technique, called electroporation, could also boost the effectiveness of chemotherapy in treating solid tumours in living organisms. French researcher Dr Mir subsequently conducted the first clinical trials of electroporation on superficial tumours in the head and neck region. Mir later connected with professors Leif Salford and Bertil Persson from Lund University in Sweden, who further developed the study of electroporation.

In the early 1990s, professors Salford and Persson conducted the first animal experiments on rats using electroporation to treat deep-seated brain tumours at Lund University. They used acupuncture needles as electrodes, inserted through the skull and placed on either side of the tumour. They found that when they combined electroporation with the chemotherapy drug bleomycin; the treatment resulted in a 100% extension in survival for rats with brain tumours compared with those who received bleomycin alone. In rats with tumours on their flanks, the combination of electroporation and radiation therapy resulted in complete remissions in 80% of cases.

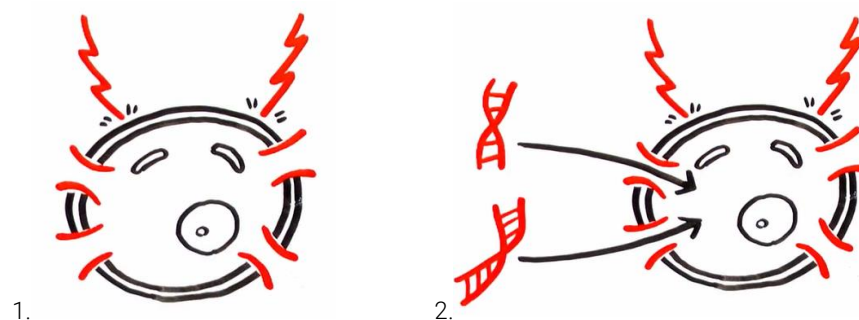
The researchers also observed that the effects of the electrical pulse wave could be precisely controlled, as the pulse did not spread beyond the area between the electrodes. This resulted in no side effects from the treatment. Moreover, electroporation made the tumours more receptive to pharmaceuticals, enabling the use of lower doses.

### What is electroporation?

Electroporation is a technique that uses electrical pulses to create temporary openings in the cell membrane, allowing substances such as drugs, chemicals, DNA, and electrode arrays to enter cells more easily. The cell membrane acts as a barrier that prevents most molecules and ions from entering the cell, but electroporation allows substances to pass through and interact with the cell. Studies have shown that electroporation can significantly increase the intracellular uptake of chemotherapy drugs and that substances within the cell can also leak out through the opened pores. In the field of immunotherapy, electroporation can be used to deliver cell-inhibiting drugs that stimulate the immune system to attack cancer growth outside of solid tumours.

### Electroporation

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Source: Redeye research

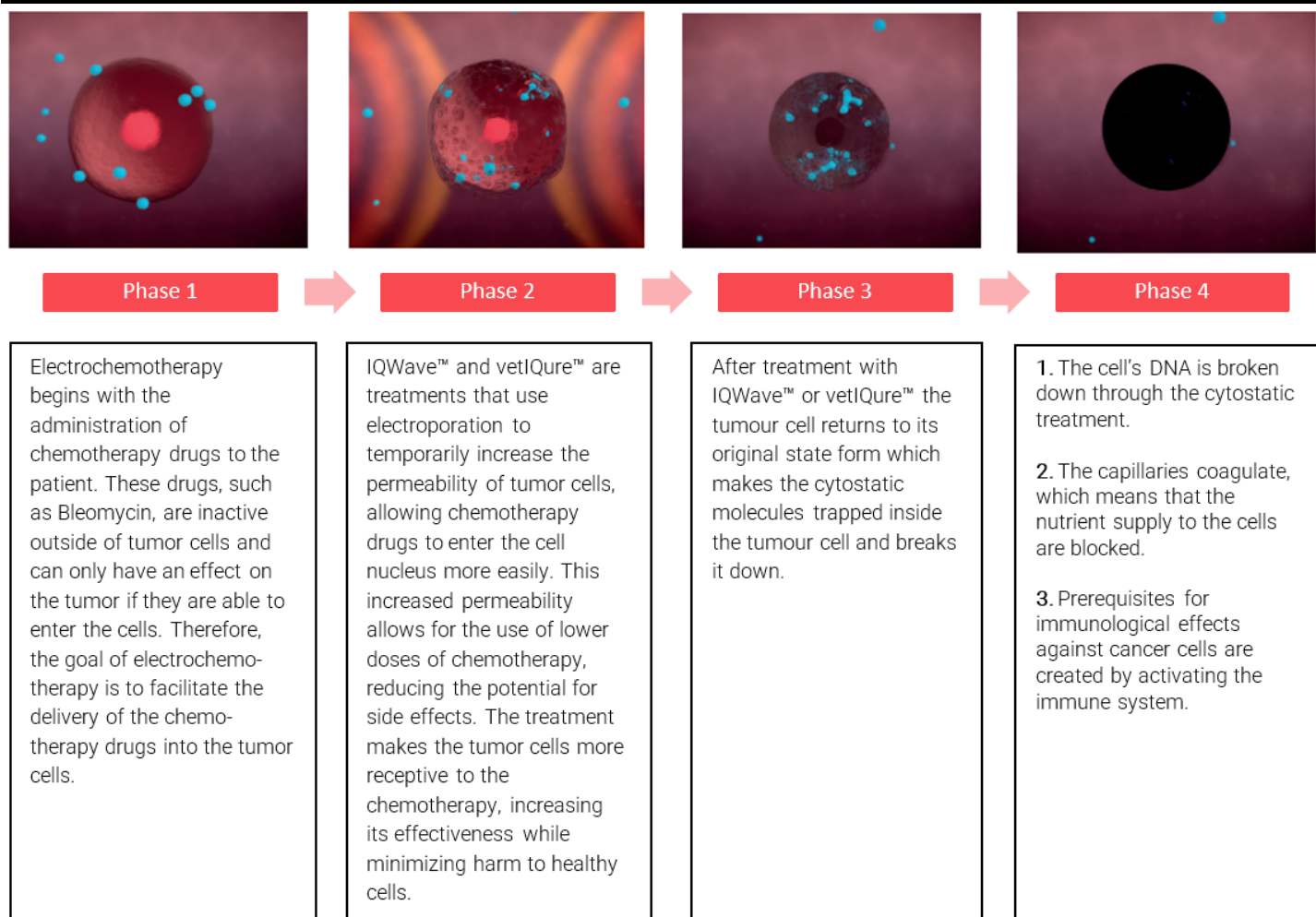
Moreover, electroporation preserves the cell membrane and is effective for transient and stable transfection of all cell types. It is widely used in the food industry to sustain natural quality,

colour, and vitamin composition, as well as in medical applications, cancer treatments, and sterilisation.

### Tumour-specific electroporation – TSE™

Scandinavian ChemoTech has developed a patented technology platform TSE (tumour-specific electroporation), which involves treating superficial tumours with electrical impulses along with small doses of chemotherapy, enhancing the drug's effect. The 5kHz pulsating electric fields cause channels in the tumour cells' plasma membranes, which increase the passage of cytotoxic drugs into the cells.

### Controlled cell death through Scandinavian ChemoTech's TSE technology

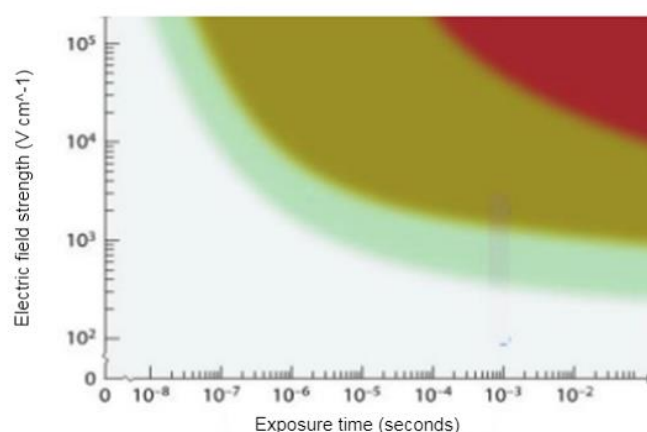


Source: Redeye research

The technology is expected to increase the effect of chemotherapy even at a low dose compared with traditional treatments, as it activates the immune system through apoptosis and the release of specific tumour antigens. Moreover, the technology is well suited to treat tumours in sensitive areas where surgery is impossible, such as head and neck tumours. Electrochemotherapy, using treatments such as IQwave and vetIQure, can be used as a standalone treatment or in combination with surgery to shrink tumours or treat the edges of affected areas. It can also be used before surgery to make the procedure easier during radiotherapy and for palliative care. This treatment method has the potential for use in a variety of settings to help improve patient outcomes.

We believe effective use of the technology requires careful calibration to ensure the device is powerful enough. A solid electric field that is too strong (shown in red in the diagram below) can lead to heat ablation and necrotic destruction of healthy tissue. Lowering the strength slightly (shown in orange) can also cause necrotic destruction, which can be helpful for certain types of tumours. The desired outcome is reversible electroporation (shown in green), where the cell membrane in the tumour is opened and chemotherapy can enter to have the desired effect.

### Optimal reversible electroporation

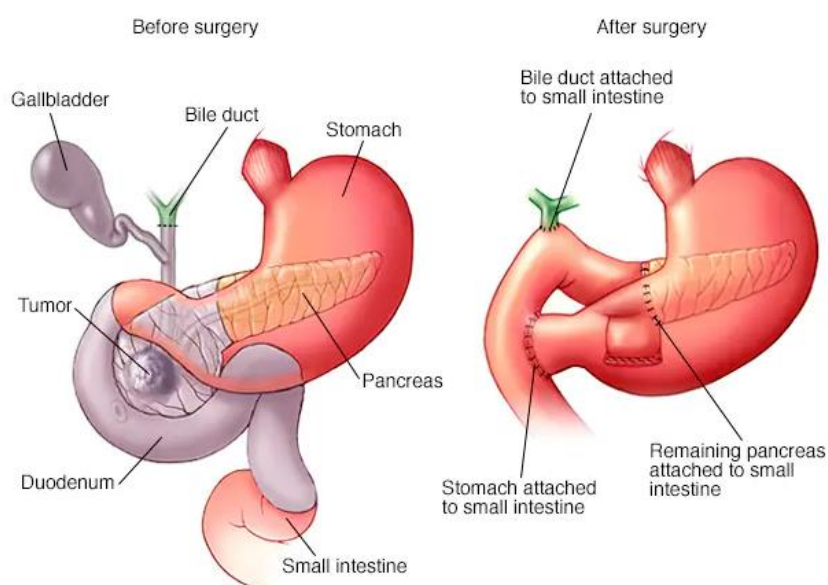


Source: Scandinavian ChemoTech, Redeye research

### Reason to focus on pancreatic cancer

Pancreatic cancer is a complex disease to diagnose and treat. Despite significant efforts, the majority of patients with this cancer still die from it. Surgery is an option that has improved over time, with post-operative mortality decreasing from 20–30% to just a few percent today. However, survival after pancreatic resection is still low, with 50–80% of patients developing recurrent cancer or distant metastases. Only 1–2 out of every 10 pancreatic cancer patients are eligible for the complex Whipple surgery, which involves removing the head of the pancreas, the first part of the intestine, the gallbladder, and the bile duct.

### Whipple procedure



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Source: Mayo Clinic, Whipple procedure, 2022

Of those who are operated on, the majority relapse locally or with metastases. In other words, there is great potential for therapy improvements, and electroporation provides one possible solution.

## Market

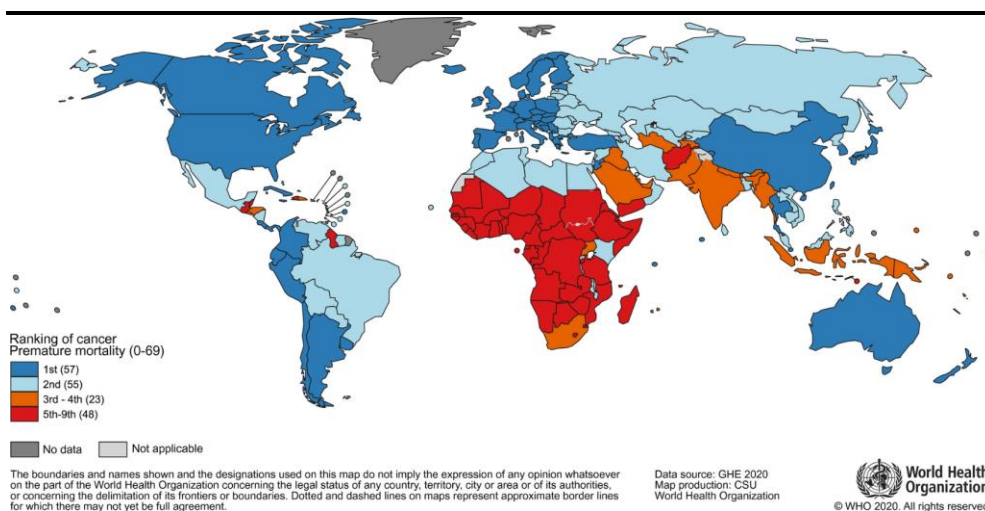
Scandinavian ChemoTech's products are intended to be used in the treatment of cancers in both humans and animals. The human care segment is the larger of the two, with total oncology spending at USD187bn in 2021. On Scandinavian ChemoTech's markets, an estimated 2.3m people were diagnosed with cancer in 2022, and we estimate the total addressable market of electroporation to be approximately USD1bn. The global veterinary services market was valued at cUSD97bn in 2020 with a market share above 70% coming from North America and Europe.<sup>1</sup> We estimate the animal oncology market to reach USD593m as of 2022, with an expected CAGR of 10.9% until 2030.<sup>2</sup>

## Human care

### Cancer market

Cancer is the first or second leading cause of premature death in 112 of 183 countries for the 0–70 age group. In 2016, 4.5 million of 15.2 million premature deaths from noncommunicable diseases were caused by cancer.<sup>3</sup> Developing countries account for 56% of new cancer cases worldwide, and the higher death tolls there often stem from a combination of late diagnoses, limited access to standard treatments, and inadequate preventive care. People living in areas of persistent poverty are more likely to have worse cancer outcomes, increasing their risk of dying from cancer.

### Leading cause of premature death, age <70



Source: IARC, World Cancer Report, 2020

The global population of individuals over 65 years in the world is expected to double from 771m in 2021 to 1.6bn by 2050.<sup>2</sup> As the population ages, medical treatment demand is set to rise. Additionally, the need for cost-effective healthcare will become more pressing as the proportion of the population over 65 is expected to increase from 10% in 2022 to 16% by 2050.<sup>4</sup>

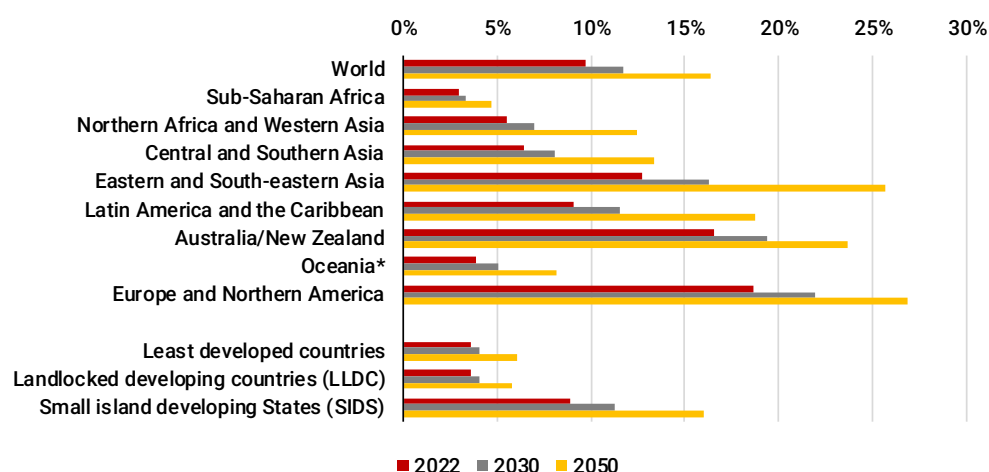
<sup>1</sup> Grand View Research, Veterinary services market size, share and trends analysis report, 2022

<sup>2</sup> Coherent Market Insights, Veterinary oncology market analysis, 2022

<sup>3</sup> IARC, World cancer report, 2020

<sup>4</sup> United Nations, World population prospects, 2022

### Percentage of population aged 65 years or over around the world – 2022, 2030, and 2050



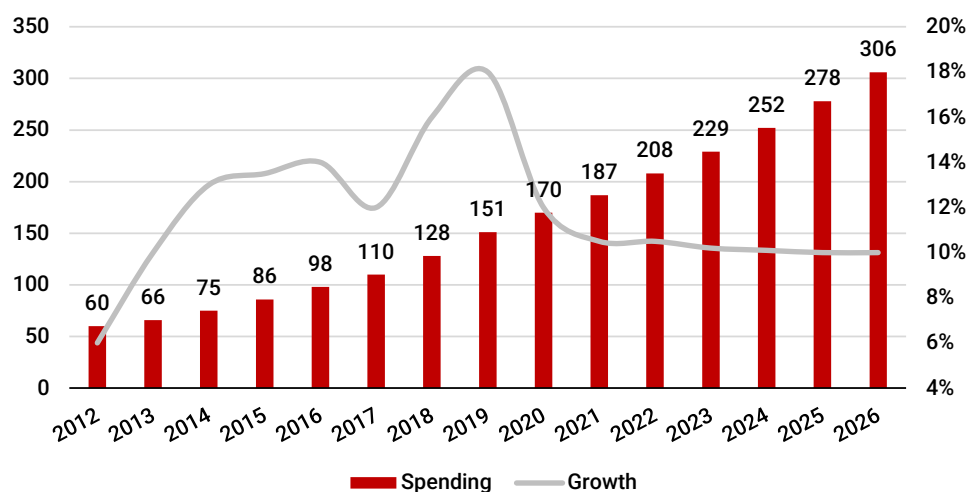
\*excluding Australia and New Zealand

Source: UN, World population prospects 2022: summary of results, 2022

### Global oncology market

The global oncology market spending grew at a CAGR of 13.5% from USD60bn in 2012 to USD187bn in 2021 and is expected to surpass USD300bn in 2026, with a CAGR of 10.3% for 2021–2026.<sup>5</sup> In 2020, approximately 19.3 million new cases of cancer were diagnosed, the most common types being breast (11.7%), lung (11.4%), colorectal (10.0%), and prostate cancer (7.6%). According to UN, roughly 10 million people died of cancer in 2020, and this figure is expected to increase to 11.5 million by 2025.<sup>6</sup>

### Global oncology market – total spending and growth (USDbn)



Source: Statista, 2021

<sup>5</sup> Statista, 2022

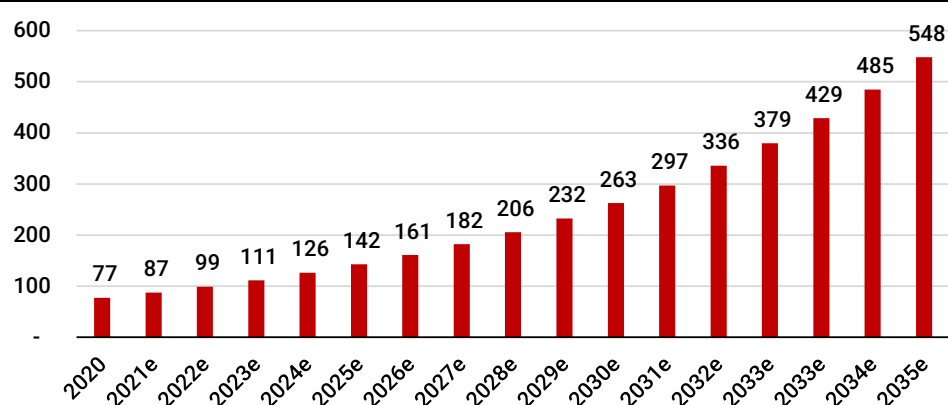
<sup>6</sup> UN, World population prospects 2022: summary of results, 2022



### The electroporation market

Reducing the enormous death toll calls for more innovative solutions than exist today. One potential technological solution is electroporation. We estimate the potential global electroporation instruments market for cancer covers 0.4% of total new cases, suggesting a potential market of around 77,200 patients as of 2020. New cancer cases are expected to grow at a CAGR of 2.4% until 2035, with a predicted number of new cancer cases of 27.4m.<sup>7</sup> In our estimates, we expect electroporation to be accepted as a widely used treatment by healthcare facilities worldwide, giving a potential market of 2% of total new cancer cases, or 548,000 potential patients in 2035. We estimate the market value for electroporation is around USD1bn as of 2022, rising at a CAGR of 13% until 2035 to a value of USD5.5bn. Scandinavian ChemoTech is addressing this market with its patented technology providing palliative, cost-effective, and accessible cancer treatment.

### Potential patients yearly (in thousands)

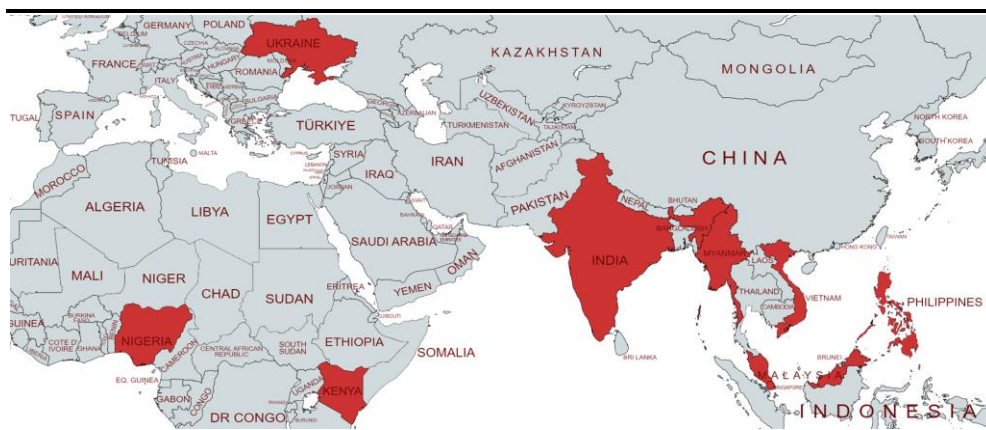


Source: Data bridge, Global electroporation instruments market – Industry trends and forecast to 2029, 2022

### Current addressable market – human care

Scandinavian ChemoTech aims to sell its products in India, South East Asia, Africa, Europe, Oceania, and the US. The company has established a presence in Singapore, the Philippines, India, Kenya, Nigeria, Malaysia, Vietnam, Ukraine, and Myanmar through orders or distributor agreements.

### Human care market presence



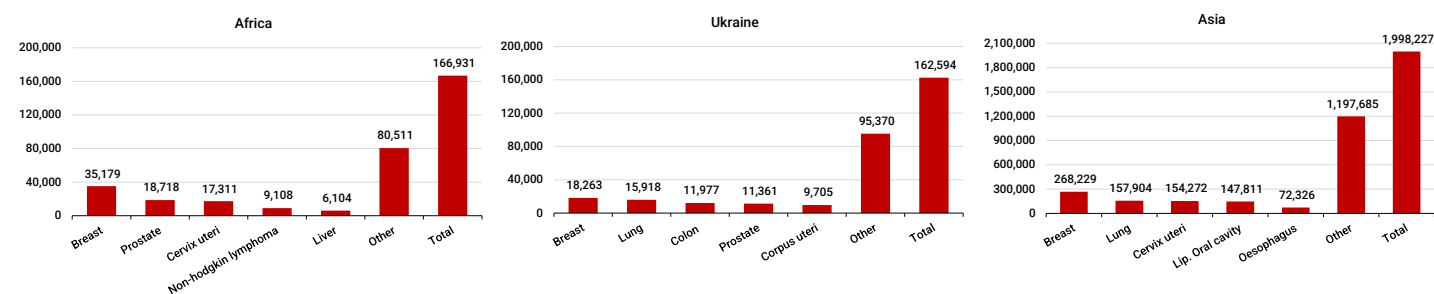
Source: Redeye research

<sup>7</sup> Statista, New cancer cases, 2020



We estimate these markets to represent around 2.3m new cancer cases as of 2020, as seen below. Still, Scandinavian ChemoTech only needs to address a fraction of the cancer indications to achieve satisfactory sales.

### Number of new cancer cases in Scandinavian ChemoTech's target markets



\*Africa consists of data from Kenya and Nigeria

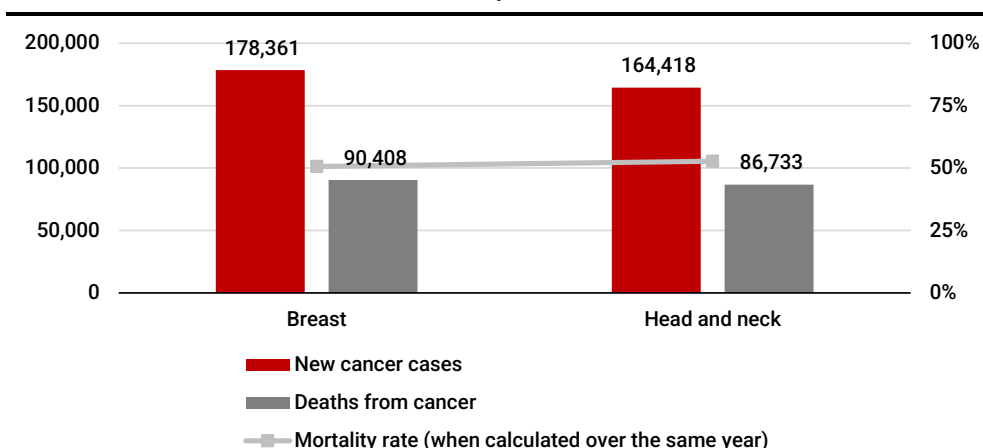
\*Asia consists of data from India, Singapore, Malaysia, Vietnam, Philippines, Myanmar and Thailand

\*Europe consists of data from Ukraine

Source: Globocan, The Global Cancer Observatory 2020, Redeye research

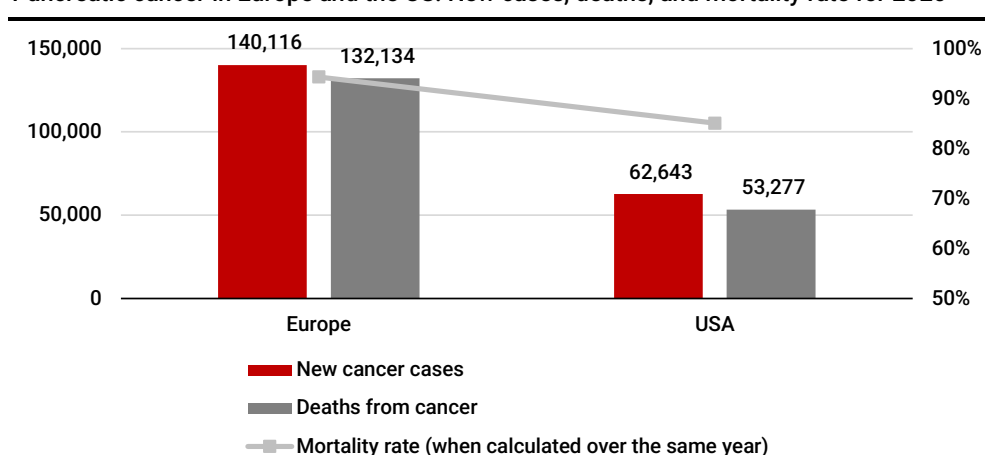
Scandinavian ChemoTech targets treatments for superficial and deep-seated tumours. Its primary market for entry is India, which saw 1.3 million new cancer cases in 2020, with breast cancer as the leading cause of death, oral cavity cancer following closely behind. The table below illustrates the potential of the superficial tumours the company mainly targets in India and the corresponding death rate.

### India: New cancer cases, deaths, and mortality rate in 2020



Source: Globocan, The Global Cancer Observatory, 2020, Redeye research

Regarding deep-seated tumours, Scandinavian ChemoTech has its sights set on addressing pancreas and bone cancer in Europe and the US. Pancreatic cancer is largely incurable, with mortality rates of 94% in Europe and 85% in the US in 2020. And based on time-based data rather than patient-based data, the mortality rate is believed to be slightly higher. Early detection is the key to making pancreatic cancer curable, but the average survival time for someone diagnosed with the disease in Europe is a mere 4.6 months following diagnosis. Pancreatic cancer holds the lowest survival rate of all cancers.

**Pancreatic cancer in Europe and the US: New cases, deaths, and mortality rate for 2020**

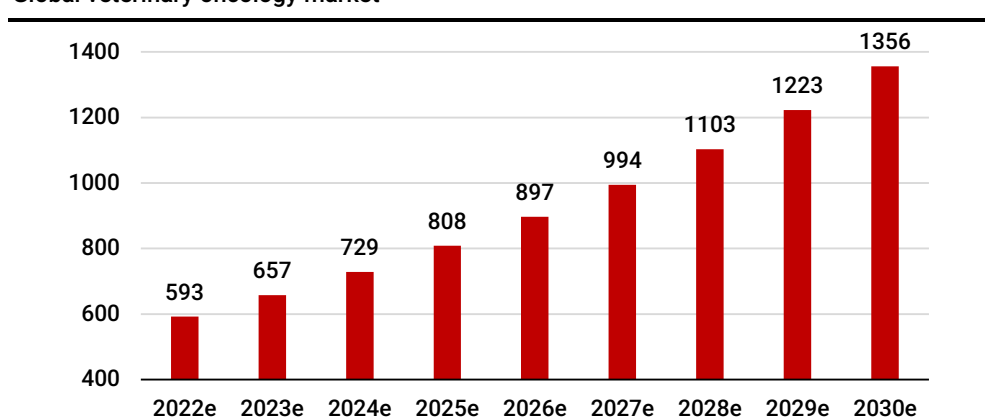
Source: Globocan, The Global Cancer Observatory, 2020, Redeye research

South East Asia's demand for healthcare has risen due to the region's ageing population, with the proportion of those over 65 expected to double from 7% to 14% by 2050.<sup>8</sup> At the same time, the proportion of the population living below the national poverty line is projected to grow from 11% to 26% across these countries.<sup>9</sup> Scandinavian ChemoTech mainly focuses on locally advanced breast cancer, the leading cancer indication in the region. Additionally, there is a need for the company's products in Africa, where 166,931 new cancer cases were recorded in Kenya and Nigeria in 2020.<sup>9</sup>

In conclusion, Scandinavian ChemoTech is poised to target about 18% of all cancer indications in its target markets by 2035. Considering the relatively fractional electroporation market, we estimate there could be 127,000 potential patients in 2035. To reach these patients, Scandinavian ChemoTech must succeed in marketing its technology and provide results from supportive studies to drive the acceptance of TSE as a standard treatment.

## Animal care

The addressable market for veterinary oncology is much smaller than for human oncology. We estimate the market size at USD593m as of 2022, expected to grow at a CAGR of 10.9% until 2030.<sup>10</sup>

**Global veterinary oncology market**

Source: Coherent Market Insights, Veterinary oncology market analysis, 2022

<sup>8</sup> UN, World population prospects 2022: summary of results, 2022

<sup>9</sup> Globocan, The Global Cancer Observatory, 2020

<sup>10</sup> Coherent Market Insights, Veterinary oncology market analysis, 2022

The primary distinction between human and animal care is the level of regulation. Animal care generally requires fewer regulations and administrative tasks, making it an easier market to enter with lower entry barriers.

#### Current addressable market – animal care

The target markets for the veterinary division are the US, Oceania, and Europe. To date, the company has established a presence in these regions through orders or distributor agreements in Sweden, Turkey, Australia, New Zealand, and the US.

#### Animal care market presence



Source: Redeye research

In our estimates, we believe Scandinavian ChemoTech's veterinary business will target animals with high ownership value, such as dogs, cats, and horses. In 2021, there were 191m dogs and 175m cats in the US, Europe, and Oceania, with around 19m cancer cases. Far from everyone treats their animals should they get cancer, with treatment costs at around USD3,300, on average. We believe five out of every 1,000 cancer cases for cats and dogs get treated, and we thus estimate the annual market value at around USD325m.

## Clinical validation

### Electrochemotherapy (ECT)

After years of research and development, ECT has emerged as one of the most effective treatments for certain types of skin and mucosal cancers that cannot be treated with surgery. ECT involves using an electric field to temporarily open up cancer cells, allowing for a higher concentration of chemotherapy drugs, such as bleomycin or cisplatin, to be delivered. This improves the effectiveness of the treatment and promotes controlled cancer cell death.

To reach this level of effectiveness, ECT was extensively studied in preclinical models, including in-vitro and in-vivo studies on different types of tumour cell lines and animal models. These studies helped optimise the treatment's dosage and administration, as well as the duration and intensity of the electric field.

While ECT has been proven effective for certain types of skin and mucosal cancers, researchers are still working to improve its efficacy for other types of cancer, such as head and neck squamous cell carcinoma (HNSCC). One area of focus is the development of combination treatments of ECT with other treatments, such as nanotechnology and immunotherapy. These combination treatments aim to enhance the effectiveness of ECT and provide a more comprehensive approach to cancer treatment.

### Electroporation together with immunotherapy in head and neck cancer

Immunotherapy is a type of treatment that uses the body's immune system to fight disease. It is primarily used to treat cancer, but it is also being investigated for use in other diseases, such as autoimmune disorders and infectious diseases. Immunotherapy uses various types of immune therapeutic agents, and the dosage can vary depending on the specific agent and treatment regimen used. Some immunotherapies may use high doses of particular agents, while others may use lower doses.

Checkpoint inhibitors, for example, are a type of immunotherapy targeting specific proteins on cancer cells, such as PD-1 and CTLA-4, to enhance the immune system's ability to attack the cancer cells. These drugs are typically given at a relatively high dose; usually every three or four weeks, depending on the agent used.

The use of high doses of immune therapeutic agents can result in various side effects and risks. These can include an overactive immune response, leading to inflammation and damage to healthy tissues and organs, increased vulnerability to infections, and severe and life-threatening side effects, such as heart, lung, and allergic reactions. Additionally, there is a risk of developing secondary malignancies (new cancer) with these high doses.

Since high-dosage immunotherapy comes with side effects, researchers have tried to combine the treatment with electroporation to enhance the treatment's effectiveness and the usage of lower doses. Below are some clinical trials that involve electroporation and immunotherapy in head and neck cancer; the results can be interesting to compare to Scandinavian ChemoTech's head and neck case study results from AIIMS later this year.

## Clinical trials that involved electroporation in the head and neck cancer treatment

NCT Number	Title	Interventions	Phase	Last Update	Location
NCT03051269	Calcium electroporation for head-and-neck cancer	Drug: calcium chloride device: electroporation	1	2017	Department of Otorhinolaryngology, Rigshospitalet, Copenhagen University Hospital, Copenhagen, Denmark
NCT02549742	Electrochemotherapy on head-and-neck cancer	Procedure: Electrochemotherapy Device: Cliniporator •Drug: bleomycin	2	2017	Department of Otorhinolaryngology, Rigshospitalet, Copenhagen University Hospital, Copenhagen, Denmark
NCT00198315	Medpulsar Electroporation with Bleomycin Study to treat anterior head-and-neck squamous cell carcinoma	Combination product: Medpulsar electroporation with bleomycin Procedure: tumor surgical excision	3	2017	Inovio Biomedical Corporation, San Diego, California, United States
NCT00198263	Study using the Medpulsar electroporation system with Bleomycin to treat head-and-neck cancer	Combination product: Medpulsar electroporation with bleomycin	4	2017	Inovio Biomedical Corporation, San Diego, California, United States
NCT01493154	Safety study of HPV DNA vaccine to treat head-and-neck cancer patients	Biological: DNA vaccine drug: cyclophosphamide	1	2018	Sidney Kimmel Comprehensive Cancer Center, Johns Hopkins Hospital, Baltimore, Maryland, United States
NCT02960594	hTERT immunotherapy alone or in combination with IL-12 DNA followed by electroporation in adults with solid tumors (H&N cancer and esophageal cancer) at high risk of relapse (TRT-001)	Biological: INO-1400 Biological: INO-9012 Biological: INO-1401	1	2018	Barbara Ann Karmanos Cancer Institute Detroit, Michigan, United States Mayo Clinic Rochester, Minnesota, United States And more.
NCT02345330	Trial of pIL-12 electroporation in squamous cll carcinoma of the head and neck (IL12HNSCC)	Biological: Tavokinogene Telseplasmid (tavo) Device: OncoSec Medical System (OMS)	2	2018	UCSF Helen Diller Family Comprehensive Cancer Center, San Francisco, California, United States University of Chicago Medical Center, Chicago, Illinois, United States
NCT01941901	Calcium electroporation for treatment of cutaneous metastases	Drug: calcium electroporation Drug: electrochemotherapy with bleomycin	2	2019	Department of Oncology, Copenhagen University Hospital, Herlev, Herlev, Denmark
NCT03823131	Optimizing antitumor immunity using plasmid electroporation, Pembrolizumab, and Epacadostat	Device: ImmunoPulse Drug: Epacadostat Drug: Pembrolizumab Biological: CORVax Drug: Tavokinogene telseplasmid	2	2021	University of California, San Francisco, San Francisco, California, United States
NCT02163057	Study of HPV-specific immunotherapy in participants with HPV-associated head-and-neck squamous cell carcinoma	Biological: INO-3112 •Device: CELLECTRATM-5P	2	2021	University of Pennsylvania, Philadelphia, Pennsylvania, United States
NCT03448666	ECT-Pembrolizumab in patients with unresectable melanoma with superficial or superficial and visceral metastases	Combination product: Pembrolizumab	2	2021	IEO Istituto Europeo di Oncologia, Milan, Italy
NCT03162224	Safety and efficacy of MEDI0457 and Durvalumab in patients with HPV associated recurrent/metastatic head-and-neck cancer	Drug: MEDI0457 Device: CELLECTRA®5P device (CELLECTRA 2000) Drug: Durvalumab	2	2021	San Francisco, California, United States Orlando, Florida, United States Atlanta, Georgia, United States Indianapolis, Indiana, United States Baltimore, Maryland, United States Baltimore, Maryland, United States And more.

Source: Pisano et.al, Electroporation in Head-and-Neck Cancer: An Innovative Approach with Immunotherapy and Nanotechnology Combination, 2022

## Case studies

### Proven effect of electroporation – 2006

In 2006, the ESOPE (European Standard Operating Procedures of Electrochemotherapy) developed a protocol to standardise and promote the use of electroporation for clinical applications in Europe. The protocol was tested in a study at four cancer centres involving 41 patients who had previously received standard treatments. The study's main objective was to evaluate the response to treatment. The results showed that 84.8% of the treated nodules (small firm lumps) responded (completely or partially), with a complete response in 73.7% of the nodules after a single treatment. The median treatment time was 25 minutes, and no significant toxicity was observed. The device used in the ESOPE study was manufactured by one of Scandinavian ChemoTech's competitors. According to the protocol from ESOPE, the current indications for electrochemotherapy treatments are:

- Head and neck squamous cell carcinoma
- Malignant melanoma
- Basal cell carcinoma
- Adenocarcinoma of the breast and salivary gland
- Hypernephroma
- Kaposi sarcoma
- Transitional cell carcinoma

### Scandinavian ChemoTech's clinical evidence – 2018

In 2018, IQwave was used in a clinical case study published in Trends in Cancer Research Vol. 13, which evaluated Scandinavian ChemoTech's dynamic electro-enhanced chemotherapy (D-EECT) technology. The study included a total of 23 individuals: 10 with squamous cell carcinoma, eight with breast cancer, and five with a mixture of tumours. The patients received 38 D-EECT sessions at five different cancer centres. The study showed promising breast and skin cancer results, with an evaluable objective response rate of 100% and an excellent weighted response percentage, as seen in the table below.

#### Type of tumour and the percentage of tumour response to D-EECT

Tumour type	Histology	CR%	PR%	OR%	WR%
Squamous cell carcinoma	HN SCC	21	79	100	47
Breast cancer	Adenocarcinoma	14	86	100	43
Breast cancer	Infiltrated ductal	50	50	100	67
Breast cancer	poorly differentiated	0	100	100	33
Rectal cancer	Adenocarcinoma	0	100	100	33
Vaginal vault cancer	Squamous	0	100	100	33
Soft tissue sarcoma		0	100	100	33
Fibrosarcoma		67	33	100	78
Spindle cell carcinoma		0	100	100	33
Average		18	82	100	45
SD		25	25		17

Source: Scandinavian ChemoTech

In September 2022, a case study was published in the Saudi Journal of Anesthesia volume 16 by the department of anaesthesia and critical care at All India Institute of Medical Science (AIIMS). The study included a group of 21 patients, although this was reduced to four patients after taking written and informed consent. These patients included one locally advanced breast cancer, two cases of head and neck carcinoma, and one chest wall recurrence of oesophageal

carcinoma. The study's outcome was that general anaesthesia could be avoided with the TSE technology, and all four patients treated recovered well.

## Product portfolio

### Product portfolio

The TSE technology is available as two products: IQwave for the human care segment and vetIQure for animal care.

#### IQwave

IQwave, an innovation in oncology care, is the product for human care. The TSE technology ensures reversible electroporation for safe and straightforward tumour treatment that spares the body tissue. The treatment is multidimensional, meaning the current runs horizontally, vertically, and diagonally during the same treatment cycle. Thanks to this technical solution, IQwave can minimise the risk of untreated surfaces without having more than four electrodes. With IQwave, the healthcare provider can also offer treatment with different diameters, depending on the size of the treatment area.

#### vetIQure

The vetIQure system is similar to IQwave but optimised for animal treatment.

#### IQwave and vetIQure

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Source: Scandinavian ChemoTech

### ISO and CE-marking

Scandinavian ChemoTech's IQwave system and its treatment kit received CE marking in 2021, having met certain health, safety, and environmental requirements to be sold in the European Economic Area (EEA), Iceland, Liechtenstein, and Norway. In Q1 2022, Scandinavian ChemoTech also obtained an ISO13485 certification for its electroporation products, covering their design, development, production, marketing, sales, distribution, and services. The ISO13485 accreditation was necessary due to the company's expansion outside Europe.

### Patents

Scandinavian ChemoTech's patent portfolio comprises three patent families protecting essential parts of the TSE technology. The patent portfolio expires in 2037.

Patent family 1: Characteristics and functions of the pulse generator that provide the TSE pulse. Registered as SE 1750965-4 in the Swedish patent database, PRV: "An electrode device and a needle electrode for use in delivery of electrical pulses to a desired tissue of a mammal."



Patent family 2: Covers the handheld unit, making it possible to move the electrodes in different positions and enabling the treatment of large and smaller tumours and tumours in narrower spaces. Registered as SE 1750966-2 in the Swedish patent database, PRV: "A pulse-generating device for delivery of electrical pulses to a desired tissue of a mammal."

Patent family 3: Specially made electrodes to treat deep-seated tumours with an integrated drill function to treat tumours in the skeleton. Not registered in Sweden. "A Dynamic Electric Enhanced Pain Control (DEEPC) device for delivery of electrical pulses to a desired body part of a mammal."

### Patent portfolio

PATENT	"An Electrode device and a needle electrode for use in delivery of electrical pulses to a desired tissue of a mammal" Avser proben och elektroderna.	"A pulse generating device for delivery of electrical pulses to a desired tissue of mammal" Avser maskinen IQwave™.	"A device, e.g. a Dynamic Electric Enhanced Pain Control (DEEPC) device, for delivery of electrical pulses to a desired body part of a mammal" Avser bland annat smärtskontroll samt djupt sittande tumörer.	Godkända Pågående
Europe	✓ DE ES FR GB IT	✓ För godkänt, länder måste väljas AL AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HR HU IE IS IT LI LT LU LV MC MK MT NL NO PL PT RO RS SE SI SK SM TR	✓ DE ES FR GB IT	
Sverige	✓	✓	-----	
USA	-----	✓	✓	
Indien	✓	✓	✓	
Japan	✓	✓	✓	

Source: Scandinavian ChemoTech

### An overview of ongoing projects

Scandinavian ChemoTech has several ongoing projects to validate its TSE technology in potential indications. The time frame differs between the projects, but we believe all are essential to validate the technology's ability to take on cancer and prove superior to competitors' technologies. The company currently has two commercial projects: treatment of superficial tumours, and veterinary oncology. The pipeline for the coming six to 12 months covers post-market clinical follow-up for the indications where patient data is followed up on.

### Pipeline – six to 12 months

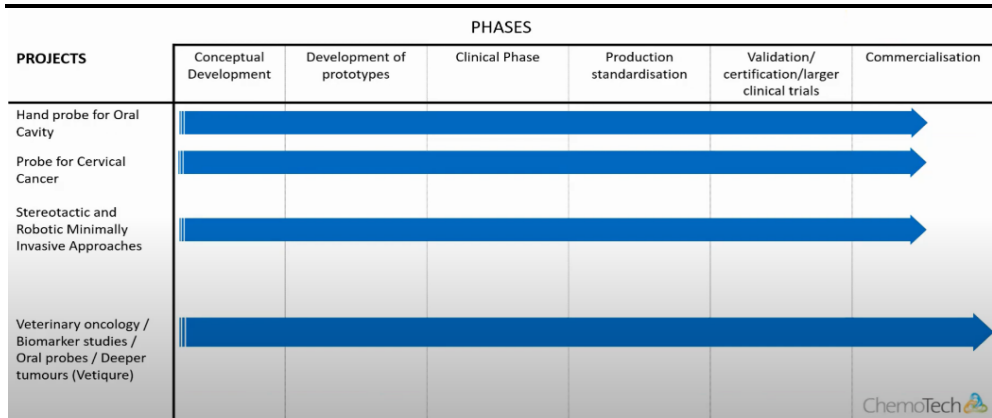
PROJECTS	PHASES						
	Conceptual Development	Development of prototypes	Pre Clinical Phase	Clinical Phase	Validation/certification	Commercialisation	Post Market Clinical Follow-up
Treatment of superficial tumours	AI calibration, predictive models, immuno-oncology and other biomarker studies and nomograms for TSE						
Pain control for patients with secondary bone cancer							
Treatment of deep seated tumours	Pancreaticobiliary tumours, Liver, Prostate cancer, Retroperitoneal sarcoma, others						
Veterinary oncology (Vetique)							

Source: Scandinavian ChemoTech

Moreover, the company has two projects under development – pain control for patients with secondary bone cancer, and treatment of deep-seated tumours – which it aims to move into commercialisation in the coming six to 12 months. The treatment of deep-seated tumours covers pancreaticobiliary tumours, liver cancer, prostate cancer, and retroperitoneal sarcoma, to name a few.

When extending the time frame, the company aims to include a further four projects: a hand probe for the oral cavity, a probe for cervical cancer, stereotactic and robotic minimally invasive approaches, and veterinary oncology.

#### Pipeline – 12–36 months



Source: Scandinavian ChemoTech

#### Ongoing studies

Scandinavian ChemoTech has several ongoing studies in head and neck, breast, pancreatic, sarcoma, sarcoids, and melanoma cancer. We expect five studies to be finalised this year, and all indications will take the company one step closer to increasing sales.

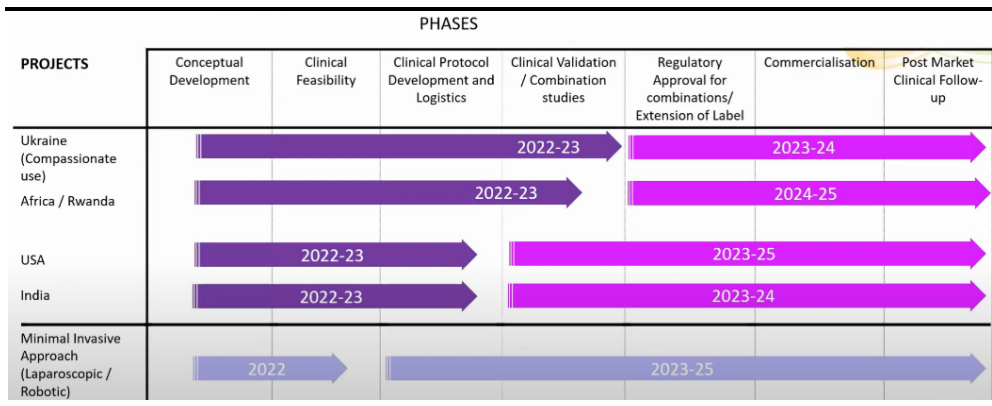
#### Overview of clinical projects

Clinical trials	Cancer indication	Where	Expected end date
AIIMS	Head and neck	India	2023
AIIMS	Breast	India	2023
Ulis	Pancreatic	Ukraine	2024
-	Pancreatic	Rwanda	2025
-	Pancreatic	India	2024
-	Pancreatic	USA	2025
Anicura	Sarcome	Sweden/Germany	2023
RVC	Sarcoids	UK	2023
RVC	Melanom	UK	2023

Source: Scandinavian ChemoTech

Some results from the ongoing studies have been presented by the company. Two patients were treated for pancreatic cancer at Ulis hospital in Ukraine in September 2022, and both have since shown almost a 50% decrease in tumour mass. We expect studies in Ukraine and India to reach post-market clinical follow-up in 2024e. Still, we recognise that the schedule depends on the company's ability to sign patients to the projects.

### Ongoing studies



Source: Scandinavian ChemoTech

Of those patients who undergo operation, the majority relapse locally or with metastases. In other words, there is great potential for therapy improvements, and the use of electroporation provides one possible solution.

Scandinavian ChemoTech has a partnership with EVC Evidensia specialist animal hospital in Helsingborg to evaluate the TSE technology. So far, one horse has been treated for nine sarcomas and showed complete remission in all.

We believe the results from recent ongoing studies indicate where the company is heading and the potential of its TSE technology. However, we would like to see larger sample sizes in future studies to validate the technology for the human care segment. It might be hard to recruit patients for newer cancer treatments, and the downside, in this case, would be the financial spending associated with clinical validation. It might take more time than expected.

## Competitors

All competitors we have found use one-dimensional systems in the human and animal care segments.

### Human care competition

The human care segment includes a few competitors: IGEA Medical, OnMed, and Mirai Medical.

#### IGEA Medical

Founded in 1980, IGEA Medical is an Italian-originated biomedical company competing with Scandinavian ChemoTech through its reversible electroporation products, Cliniporator and Cliniporator Vitae. IGEA Medical has established a standardised protocol for ECT in the EU, and its sales of USD25m mainly originate from hospitals and clinics in Europe, Kazakhstan, and Sri Lanka. At a weight of 52–85kg and a height of c1.5m, the Cliniporator systems are large and unwieldy compared with the IQwave.

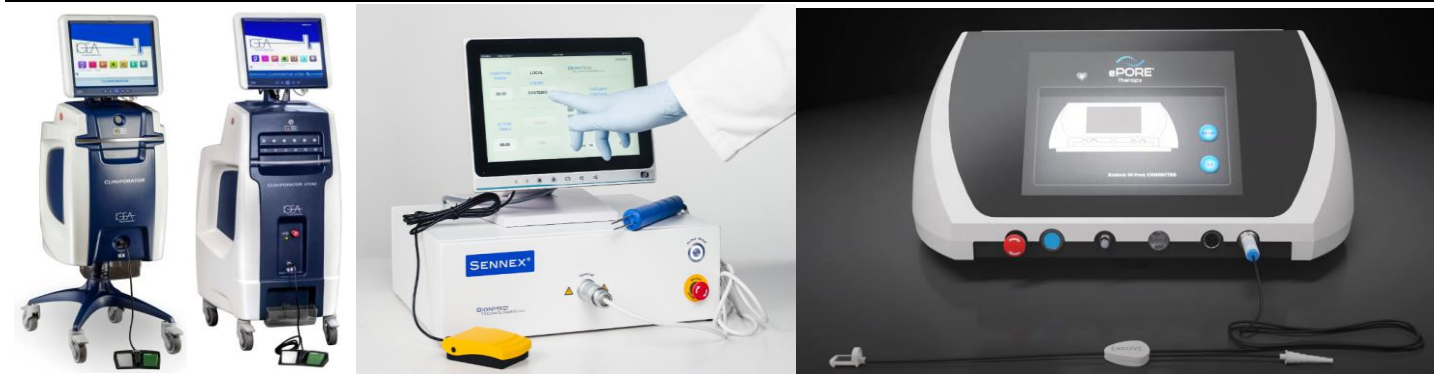
#### OnMed AB

OnMed AB is a Swedish oncology medical device company founded in 2011. It competes with Scandinavian ChemoTech through its portable ECT device Sennex, which comes with preinstalled software. We believe OnMed charges the hospital and clinics per treatment, rather than per device.

### Mirai Medical

Founded in 2015, Mirai Medical is an Irish spin-off from University College Cork and is still in its fundraising phase. The company's ePore is a therapy device focused on colon cancer. The device is static, does not focus on larger tumours, and has a custom-made needle named Endove. The needle is made explicitly for the rectal area and can have a camera attached for precise operation.

### Competitors' devices (from left to right): Cliniporator, Cliniporator Vitae, Sennex, and ePore



Source: IGEA Medical, OnMed, Mirai Medical 2021

### Animal care competition

#### Leroy

Leroy Biotech is the world leader in high-voltage generators for treating tumours with electrochemotherapy.<sup>11</sup> This French company has a product range including Electrovet, a small and straightforward electrochemotherapy device.

#### IGEA Medical

IGEA Medical has a veterinary-focused device called Clinivet, which aims to treat animals through veterinary medicine for electrochemotherapy treatments and gene transfer. According to IGEA Medical, the Clinivet system is documented in numerous scientific publications and is the most advanced and complete solution for veterinary oncology.

#### Evvivax

Evvivax is an Italian company marketing IGEA Medical's first generation of Cliniporator under a new name, Vet-ePorator. Vet-ePorator is an electroporation device dedicated to veterinary oncology for electrochemotherapy and gene transfer applications.<sup>12</sup>

### Competitors' devices (from left to right): Electrovet, Clinivet, and Vet-ePorator



Source: Leroy, IGEA Medical, Evvivax, 2022

<sup>11</sup> Leroy Biotech, 2022

<sup>12</sup> Evvivax, 2022

## Financials

### Historical financials

Scandinavian ChemoTech is still a pre-revenue company reporting insignificant net sales and with historical financials that mainly cover OPEX costs. In 2016–2022, the company had total net sales of around SEK2.9m.

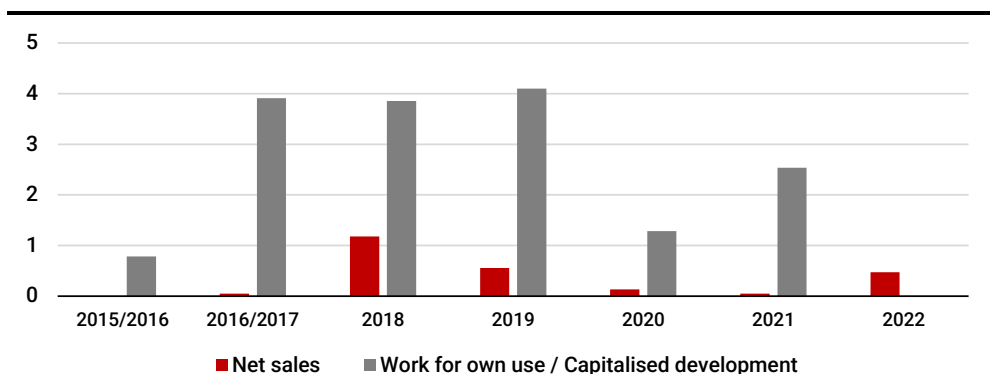
#### Income statement – 2016–2022

	2016	2017	2018	2019	2020	2021	2022
<b>Net sales</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>0.6</b>	<b>0.1</b>	<b>0.0</b>	<b>0.5</b>
Sales Growth	-	-	-	-	-	-	865%
COGS	-0.1	-0.1	-0.2	-0.2	-0.1	0.3	0.0
<b>Gross profit</b>	<b>-0.1</b>	<b>-0.1</b>	<b>1.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>0.5</b>
Gross margin	-	8304%	410%	839%	979%	5851%	108%
Sales costs	0.0	0.0	0.0	0.0	0.1	-0.2	-0.1
Administration costs	-0.1	-2.9	-3.8	-3.1	-3.7	-4.7	-6.1
R&D and other operating costs/income	-1.8	-12.6	-8.1	-11.7	-6.7	-12.2	-12.3
<b>Total opex</b>	<b>-1.9</b>	<b>-15.4</b>	<b>-11.9</b>	<b>-14.8</b>	<b>-10.2</b>	<b>-17.1</b>	<b>-18.5</b>
<b>EBITDA</b>	<b>-1.2</b>	<b>-11.5</b>	<b>-7.1</b>	<b>-10.1</b>	<b>-8.9</b>	<b>-14.3</b>	<b>-18.0</b>
EBITDA-margin	-	-24755%	-601%	-1825%	-6795%	-29104%	-3798%
Depreciation and amortisation	0.0	-0.8	-1.2	-1.8	-1.9	-2.8	-2.9
<b>EBIT</b>	<b>-1.2</b>	<b>-12.4</b>	<b>-8.2</b>	<b>-12.0</b>	<b>-10.8</b>	<b>-17.1</b>	<b>-20.9</b>
EBIT-margin	-	-26496%	-699%	-2153%	-8266%	-34851%	-4421%

Source: Redeye research

In 2015–2022, the company capitalised SEK16.5m on its income statement for research and development costs. This amount is attributed to the development of its TSE software, which has undergone a continuous evolution, along with its IQwave and hardware-related disposables. Additionally, we associate the costs with the company's research investigations aimed at verifying the efficacy of its technology in real-world settings.

#### Sales and capitalised development



Source: Scandinavian ChemoTech, 2022

## OPEX

Operational costs have increased with a CAGR of 54% in the past seven years, mainly driven by increased R&D and other operating costs.

### R&D and other operating costs/income

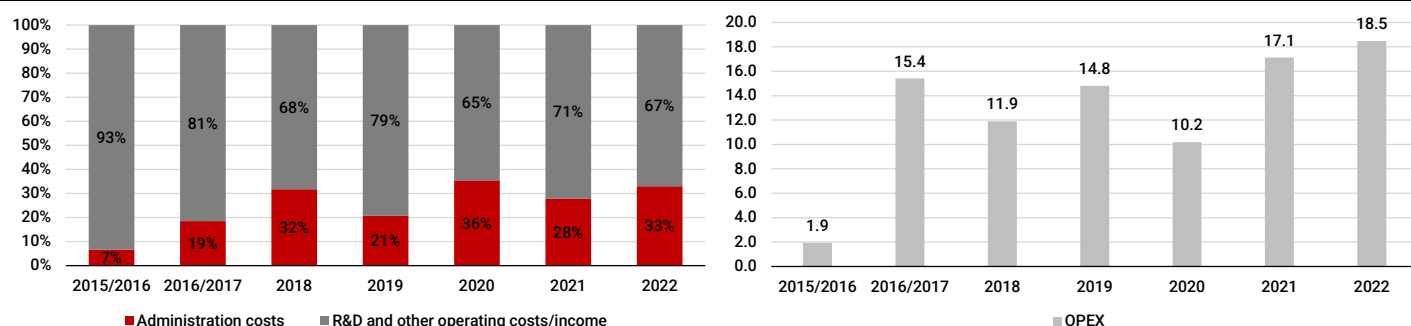
We estimate marketing costs to be the main expense at this level, as the company is changing focus from product development to commercialisation. It takes time to market a new product, and we expect the costs of commercialisation to reach new highs in 2023e.

Operational leasing costs for 2021 landed at SEK647,000, with around SEK1.4m in leasing costs remaining on the contract (end of 2021). We expect 2022 leasing costs to land at SEK816,000.

### Administration costs

Administration costs comprise personal expenses, which increased from SEK0.1m in 2018 to around SEK4.7m in 2021. The average number of employees has been 6–7 since 2018. Currently, ChemoTech has six employees.

OPEX line-item distribution (left) and Opex (right) for 2015–2022 (SEKm)



Source: Scandinavian ChemoTech, 2022

## Historical capital injections

Scandinavian ChemoTech has, since its IPO on the Nasdaq First North, injected SEK87m into the company – SEK58.5m through four rights issues and SEK28.5m via three directed new share issues.

### Financing history (SEKm)

Type	Year	Shares before dilution	New shares issued	Total shares	Capital raised
Rights issue	2018	1,462,500	1,462,500	2,925,000	18.3
Directed new share issue	2019	2,925,000	480,000	3,405,000	6.0
Rights issue	2020	3,405,000	2,640,000	6,045,000	11.7
Rights issue	2021	6,045,000	2,588,427	8,633,427	13.6
Directed new share issue	2021	8,633,427	121,417	8,754,844	2.5
Directed new share issue	2021	8,754,844	874,211	9,629,055	18.0
Rights issue	2022	9,629,055	2,384,449	12,013,504	14.9
Directed new share issue	2023	12,013,504	290,000	12,303,504	2.0

Source: Redeye research, Scandinavian ChemoTech, 2022

## Redeye sales forecasts

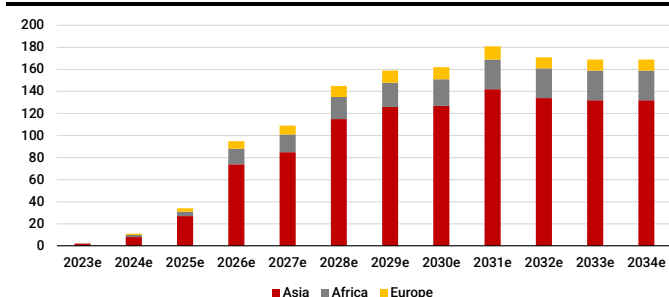
### Key assumptions and expected market penetration

Our sales forecasts rely on several key assumptions:

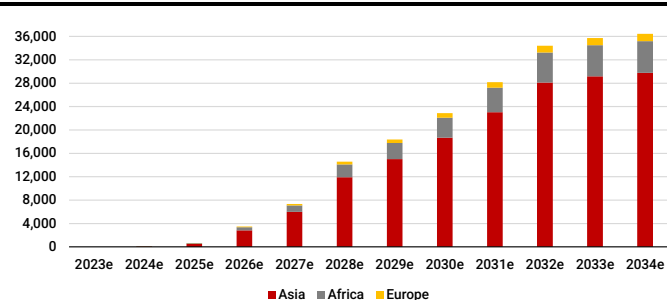
#### Human Care:

- Scandinavian ChemoTech's products receive standard treatment classification for c18% of cancer indications in 2034e.
- TAM for the electroporation segment grows to USD5.5bn, and total targetable treatments are 548,000 in 2035e.
- 2,100 patients of scope in 2022 grow to 127,000 in 2035e in the targeted markets.
- Scandinavian ChemoTech takes roughly 29% of the anticipated electroporation market for cancer treatment in the targeted indications.
- 169 IQwave systems sold in 2034e and around 36,600 patients treated annually.
- Average price per IQwave: SEK280,000
- Average price per treatment kit: SEK4,500
- Sales visible in our calculations are after a 30% deduction for costs to distributors.

Human care – devices sold



Human care – number of treated patients

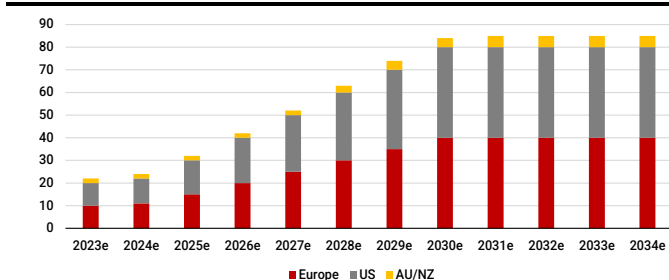


Source: Redeye research

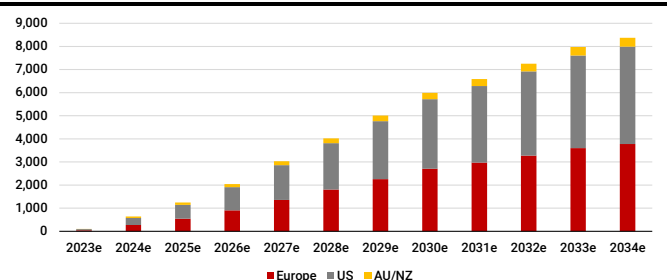
#### Animal care:

- Five out of 1,000 cats and dogs in the US, the EU, and Australia and New Zealand receive treatment for cancer, representing a market value of USD325m in 2022e.
- Scandinavian ChemoTech takes roughly 30% of the anticipated electroporation market for cancer treatment in the targeted indications for cats and dogs.
- Average price per VetIQure: SEK280,000
- Average price per treatment kit: SEK2,700
- Sales visible in our calculations are after a 30% deduction for costs to distributors.
- 85 VetIQure sold in 2034e and around 8,400 animals treated annually.

Animal care – devices sold



Animal care – amount of treated patient



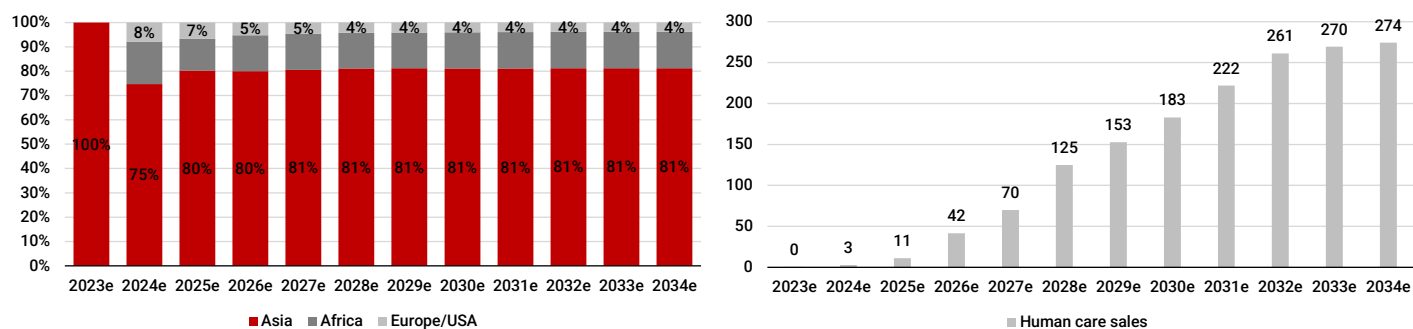
Source: Redeye research

## Forecast period: 2023e–2034e

## Sales estimates for 2023e–2034e

In the animal care segment, we estimate the US and the EU are the major contributors to 2023e and 2024e sales. We estimate animal care segment sales of CAGR of c25%, growing from cSEK4m in 2023e to cSEK44m in 2034e. We forecast the animal care segment will constitute c14% of the company's sales in 2034e.

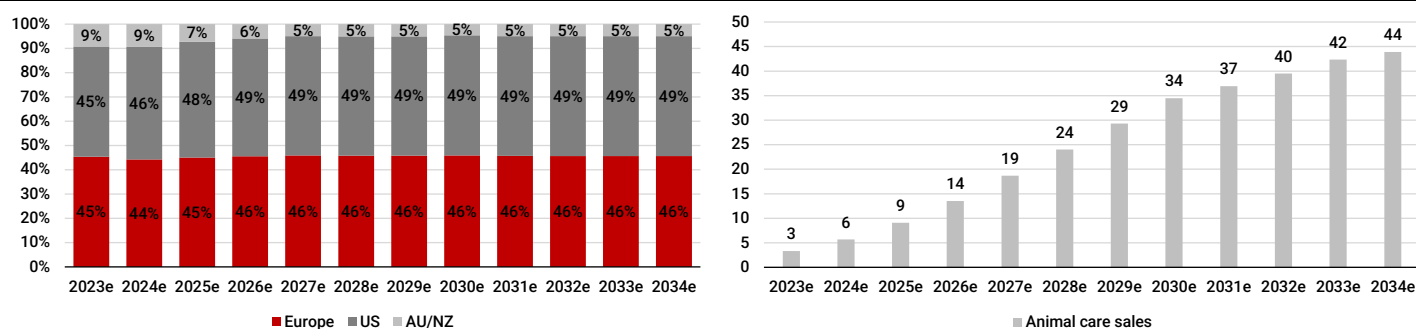
## Sales estimates for human care (in SEKm)



Source: Redeye research

We estimate the human care segment sales will slowly grow from SEK0.4m in 2023e to cSEK11m in 2025e. We initially estimate limited sales from this segment, as the clinical evidence for treatment needs to be stronger for human care. Doctors might be biased toward other treatments with more supporting data, even if the treatment method could be worse. From 2026e, we expect the launch curve for sales to pick up, but we recognise our estimates could prove too optimistic. We forecast sales of cSEK42m in 2026e, ramping up to cSEK275m in 2034e.

## Sales estimates for animal care (in SEKm)

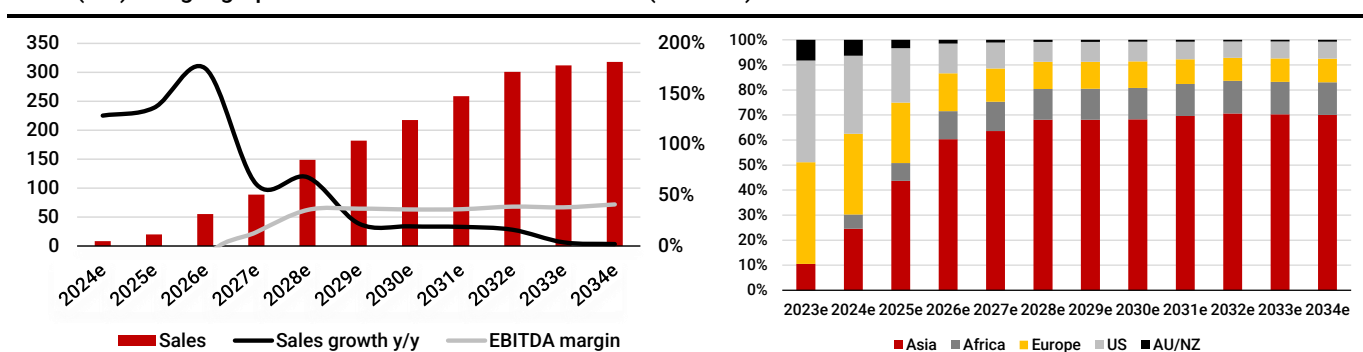


Source: Redeye research



In total, we estimate 2023e sales of cSEK4m for Scandinavian ChemoTech. We expect sales to increase to cSEK20m in 2025e, representing a sales CAGR of 201% over this period.

#### Sales (left) and geographical distribution for 2023e–2034e (in SEKm)

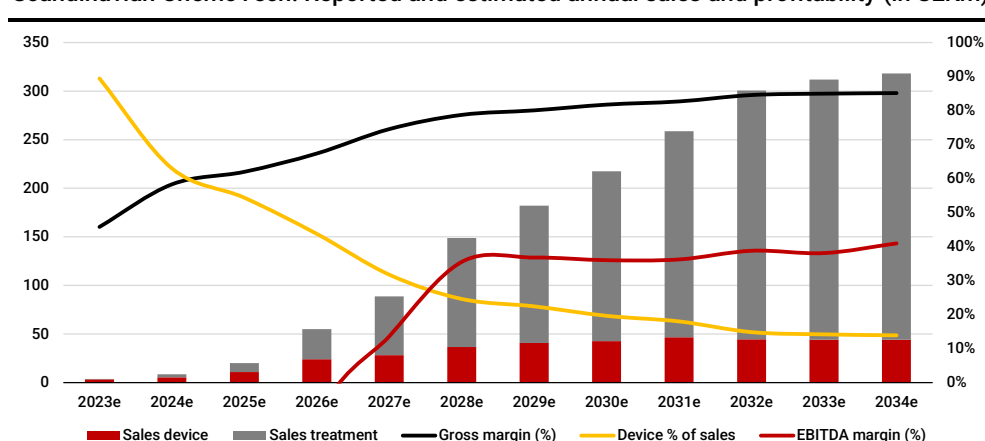


Source: Redeye research

#### Gross profits

The main driver for profitability comes from the company's treatment kits for both segments. We estimate the treatment kits will have an average gross margin of around 85–90%. Moreover, we forecast increased purchase and transportation scalability, with COGS decreasing compared to sales over time.

#### Scandinavian ChemoTech: Reported and estimated annual sales and profitability (in SEKm)



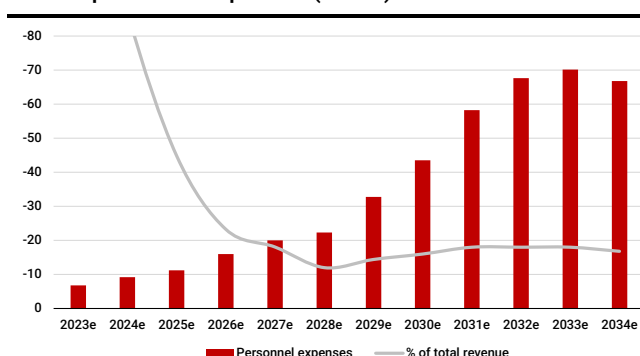
Source: Redeye research

When combining initial sales of the company's devices, an increasing proportion of sales come from treatment kits, along with increased transportation scalability. Our forecast is for rising gross margins in 2023e–2031e, ramping up from 45% to 83%. In 2032e–2034e, we expect this to stabilise somewhat owing to increased market competition. We estimate that Scandinavian ChemoTech will see gross profits of SEK272m and a gross margin of 85% in 2034e.

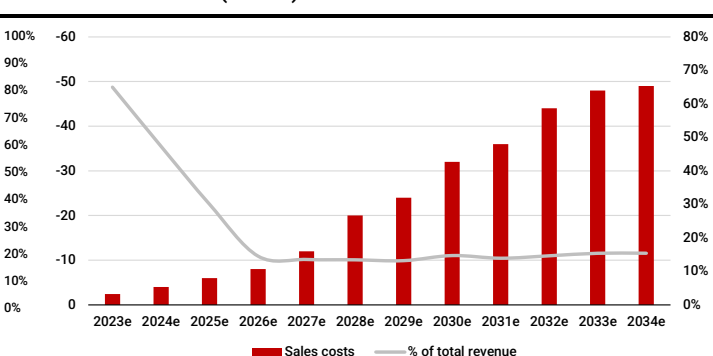
### Operational expenses

Scandinavian ChemoTech's operating expenses primarily comprise personnel, sales, R&D, and other external expenses. The company currently has six employees, and we expect the headcount to increase during our forecast period. We believe sales expenses correlate with sales and will increase to account for 15% of sales in 2034e. Our estimates depend on the share of direct sales, as the company has mentioned more animal care representatives in the US.

Annual personnel expenses (SEKm)



Annual sales costs (SEKm)

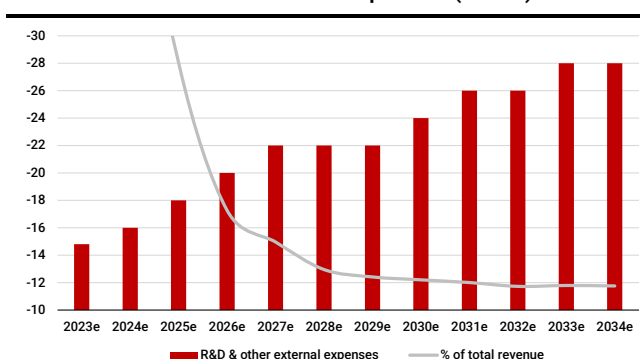


Source: Redeye research

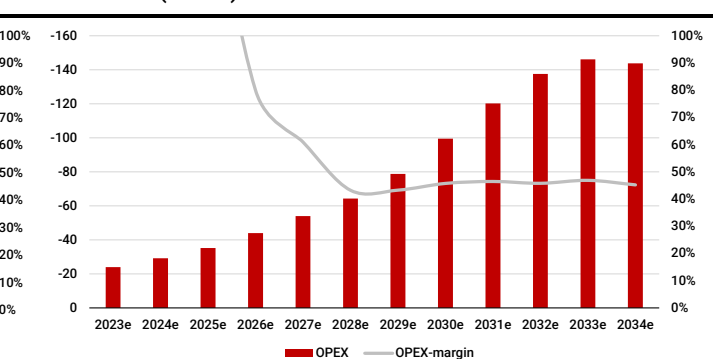
In general, we are positive about Scandinavian ChemoTech's business model of using local distributors in its target markets alongside direct sales. We believe this approach brings the advantage of leveraging local expertise. This local knowledge might increase the probability of early-stage sales and improve exposure to potential customers.

R&D and other operational expenses include property costs, leasing fees, and costs related to the company's clinical development. We believe R&D-related costs will increase over time due to the expansion of indications treatable with TSE. Moreover, since the company mainly uses distributors, we estimate other external expenses will rise slightly over time.

Annual R&D and other external expenses (SEKm)



Annual OPEX (SEKm)

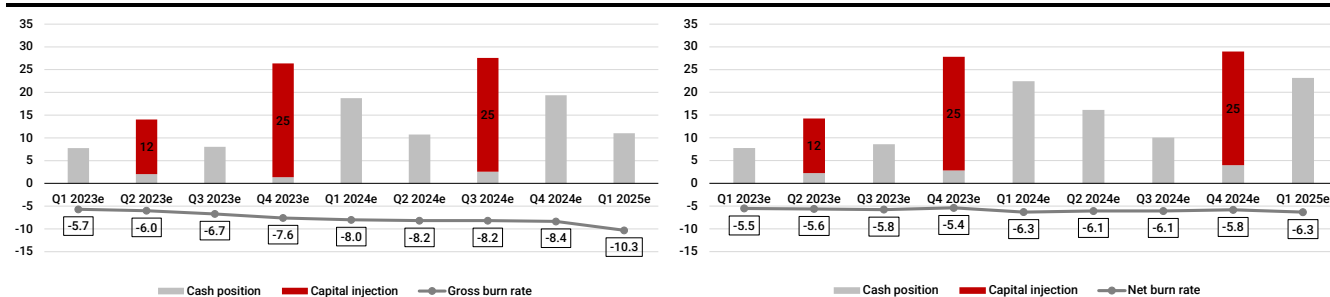


Source: Redeye research

### Cash position and cash flows

Scandinavian ChemoTech's rising operating expenses have led to an increased requirement for additional capital. Based on an estimated monthly net burn rate of SEK-1.9m for H1 2023e and a cash balance of SEK5.9m at the end of Q4 2022e, it is projected that the company's capital will suffice until the start of May 2023e, when factoring in the directed share issue of 1.9m in Q1 2023e. The gross burn rate is calculated from our estimations on cogs, and operational expenses, while the net burn rate adds net sales into the equation.

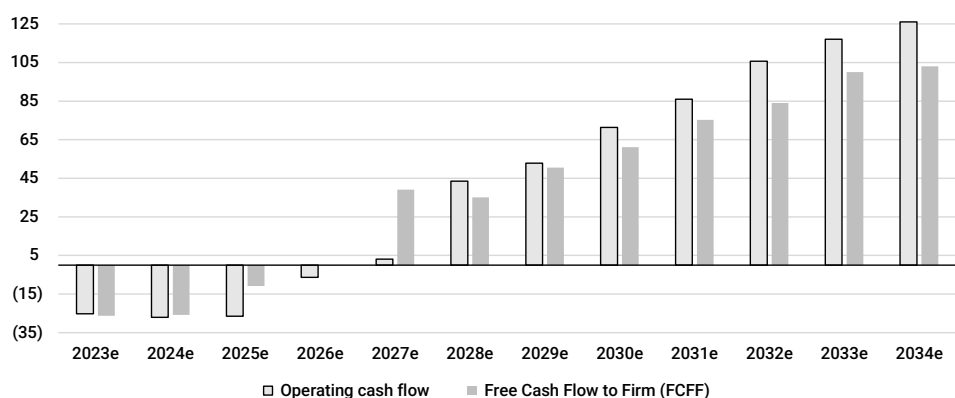
Estimated cash position affected by Gross burn rate (left) and net burn rate (right)



Source: Redeye research

As sales increase, the company is likely to invest more in inventory, leading to negative working capital. However, thanks to strong gross margins, we anticipate the company will have a positive EBIT margin and generate positive cash flows in 2027e.

### Development FCFF, and operating cash flow



Source: Redeye research

### Income statement for 2022e–2027e

We believe that once sales start rolling in, they will drive growth in a positive direction, resulting in reduced OPEX compared to sales. Although expanding into the US will increase sales costs, we anticipate realizing benefits in the near future, as we expect positive operating cash flows in 2027e.

### Redeye estimates for 2022e–2027e

	2022	2023e	2024e	2025e	2026e	2027e
<b>Net sales</b>	<b>0.5</b>	<b>3.7</b>	<b>8.4</b>	<b>20.0</b>	<b>55.0</b>	<b>88.6</b>
Sales Growth	865%	681%	129%	136%	175%	61%
<b>COGS</b>	<b>0.0</b>	<b>-2.0</b>	<b>-3.5</b>	<b>-7.6</b>	<b>-18.0</b>	<b>-22.6</b>
<b>Gross profit</b>	<b>0.5</b>	<b>1.7</b>	<b>4.9</b>	<b>12.4</b>	<b>37.1</b>	<b>66.1</b>
Gross margin	108%	46%	58%	62%	67%	75%
Sales costs	-0.1	-2.4	-4.0	-6.0	-8.0	-12.0
Administration costs	-6.1	-6.8	-9.2	-11.2	-16.0	-20.0
R&D and other operating costs/income	-12.3	-14.8	-16.0	-18.0	-20.0	-22.0
<b>Total opex</b>	<b>-18.5</b>	<b>-24.0</b>	<b>-29.2</b>	<b>-35.2</b>	<b>-44.0</b>	<b>-54.0</b>
<b>EBITDA</b>	<b>-18.0</b>	<b>-22.3</b>	<b>-24.3</b>	<b>-22.8</b>	<b>-6.9</b>	<b>12.1</b>
EBITDA-margin	-3798%	-604%	-287%	-114%	-13%	14%
Depreciation and amortisation	-2.9	-3.0	-3.0	-3.0	-3.0	-3.0
<b>EBIT</b>	<b>-20.9</b>	<b>-25.3</b>	<b>-27.2</b>	<b>-25.8</b>	<b>-9.9</b>	<b>9.1</b>
EBIT-margin	-4421%	-684%	-322%	-129%	-18%	10%

Source: Redeye research

Our projections rely on favourable developments in animal care, with initial sales expected in 2023e. We predict that Scandinavian Chemotech will sell 22 devices and administer 100 treatments in this segment. In the human care segment, we anticipate Scandinavian Chemotech to sell two devices in 2023e, with significant growth expected in 2025e and 2026e, with 34 and 95 devices sold, respectively. Overall, we expect Scandinavian Chemotech to sell a total of 161 devices and administer 10,384 treatments in 2027e, resulting in sales of SEK88.6m.

## Valuation

We base our valuation on our 2023e–2034e discounted cash flow (DCF) model. We use a 16.5% weighted average cost of capital (WACC) (based on Redeye's Quality Rating System).

- Base case = SEK9 per share (c.29% upside)
- Bull case = SEK23 per share (c.229% upside)
- Bear case = SEK1 per share (c.-86% downside)

### Base case: SEK9 per share

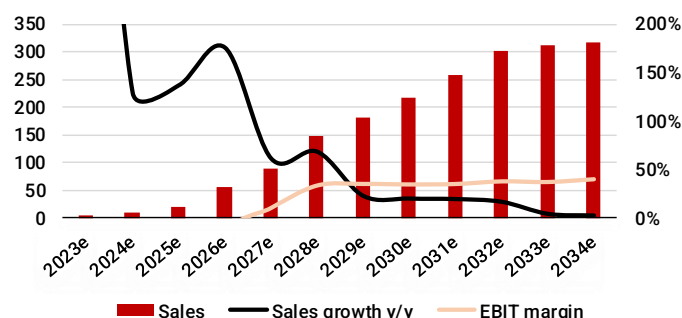
In our base case, we expect that Scandinavian ChemoTech will execute its growth strategy in line with our financial estimates, as described in the previous section. We estimate the company will achieve a total of 45,000 treatments and sell 254 devices in 2034e.

#### Discounted cash flow model

DCF (SEKm)	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e
Sales	4	8	20	55	89	149	182	218	259	301	312	318
Net Operating Profit After Tax (NOPAT)	-25	-27	-26	-10	7	40	51	60	72	90	92	101
Non-cash items adjustments	3	3	3	3	3	3	3	3	3	3	3	3
Changes in NWC	-2	-1	-2	0	-5	3	-12	-5	-6	-9	-2	-1
Capex, investments in intangibles	-1	-1	-1	-4	-5	-6	-7	-7	-8	-9	-9	-3
Free cash flow	-26	-26	-26	-11	0	39	35	50	61	75	84	100
Discounted free cash flow	-23	-20	-17	-6	0	16	12	15	16	17	16	16
Valuation summary (SEKm) - Base case												
DCF value 2022-2027	-65	WACC		16.5%								
DCF value 2028-2033	93	Terminal growth		2.0%								
Terminal value 2034	132	Terminal EBIT		40.0%								
DCF value	160	Tax rate		20.6%								
Net debt	-68	Sales CAGR 2023-2027		109.4%								
Equity value	228	Sales CAGR 2028-2034		13.5%								
Number of shares	27	EBITDA CAGR 2023-2027		-53.8%								
Diluted equity value per share	9	EBITDA CAGR 2028-2034		16.2%								
Equity value per share	14											

Year	Sales	Sales growth y/y	EBIT margin
2023e	4	-	-
2024e	8	200%	-
2025e	20	150%	-
2026e	55	175%	-
2027e	89	61%	0%
2028e	149	68%	25%
2029e	182	22%	25%
2030e	218	20%	25%
2031e	259	19%	25%
2032e	301	16%	25%
2033e	312	4%	25%
2034e	318	2%	25%

Source: Redeye research



#### Sensitivity analysis

The required rate of return varies among investors and discount rates could change in the future, depending on where inflation and risk-free rates settle in the long term. Moreover, some 86% of our base case estimate stems from the terminal value and around 14% from cash flows in 2023e–2034e. Our valuation is thus sensitive to variations in terminal EBIT margin and terminal growth. We use a sensitivity analysis to illustrate how changes in WACC, terminal EBIT margin, and terminal growth rate affect our base case fair value estimate.

## Redeye base case: Sensitivity analysis

		Weighted Average Cost of Capital (WACC)				
		18.50%	17.50%	16.50%	15.50%	14.50%
EBIT margin	30.0%	5.9	6.5	7.3	8.2	9.2
	35.0%	6.4	7.1	7.9	8.9	10.1
	40.0%	6.8	7.6	8.5	9.6	11.0
	45.0%	7.3	8.1	9.2	10.4	11.9
	50.0%	7.7	8.7	9.8	11.1	12.7
Growth		18.50%	17.50%	16.50%	15.50%	14.50%
	1.0%	6.6	7.3	8.2	9.2	10.4
	1.5%	6.7	7.4	8.3	9.4	10.7
	2.0%	6.8	7.6	8.5	9.6	11.0
	2.5%	6.9	7.8	8.7	9.9	11.3
	3.0%	7.1	7.9	9.0	10.2	11.7

Source: Redeye research

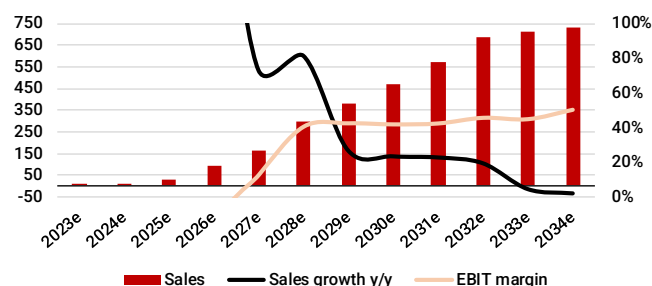
## Bull case: SEK23 per share

In our bull case, we anticipate that Scandinavian ChemoTech will effectively introduce its IQwave and vetIQure devices into existing markets for its indications of superficial and deep-seated tumours. By 2034e, we expect the market to have adopted the technology and that sales growth will substantially surpass the baseline scenario. This acceleration in sales will stem primarily from an improved success rate in pancreas treatments. These treatments will carry a higher price point as Scandinavian ChemoTech aims to serve western markets, resulting in a projected terminal EBIT of 50%.

## Bull case key assumptions

Valuation summary (SEKm) - Bull case			
DCF value 2022-2027	-108	WACC	16.5%
DCF value 2028-2033	261	Terminal growth	2.0%
Terminal value 2034	382	Terminal EBIT	50%
DCF value	535	Tax rate	20.6%
Net debt	-68	Sales CAGR 2023-2027	140.8%
Equity value	603	Sales CAGR 2028-2034	16.1%
Number of shares	27	EBITDA CAGR 2023-2027	1.1%
Diluted equity value per share	23	EBITDA CAGR 2028-2034	20.0%
Equity value per share	45		

Source: Redeye research

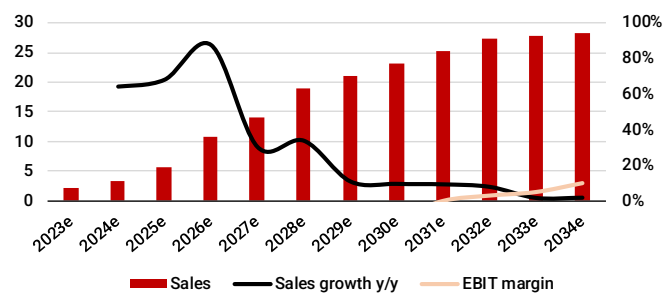


## Bear case: SEK1 per share

In our bear case, we estimate sales never really ramp up. The technology takes time to be implemented at hospitals, and the clinical evidence is insufficient. We anticipate sales coming from the animal care segment with a terminal EBIT of 10%.

### Bear case key assumptions





Valuation summary (SEKm) - Bear case			
DCF value 2022-2027	-32	WACC	16.5%
DCF value 2028-2033	-13	Terminal growth	2.0%
Terminal value 2034	6	Terminal EBIT	10.0%
DCF value	-39	Tax rate	20.6%
Net debt	-68	Sales CAGR 2023-2027	55.5%
Equity value	29	Sales CAGR 2028-2034	7.0%
Number of shares	27	EBITDA CAGR 2023-2027	-54.8%
Diluted equity value per share	1	EBITDA CAGR 2028-2034	38.5%
Equity value per share	0		



Source: Redeye research

## Appendix 1: Management and board of directors






### Scandinavian ChemoTech: Management

Name	Position	A-Shares	B-Shares
 <p><b>Mohan Frick</b></p>	<p><b>CEO and Founder</b></p> <p>CEO since 2015. BA, Marketing, Management from Lund University. Over 20 years of experience as a market manager, sales manager, and board member of various life science companies. Current assignments include Chairman of Scandinavian MediTech, Fricks Property &amp; Equity Invest AB. Previous assignments include member of the board at Insulation AB, Onmed International, Onmed India Private Limited, and a member of the advisory board for Billion Minds Foundation</p>	665,000	248,979
 <p><b>Ann Ohlsson</b></p>	<p><b>Head of Finance</b></p> <p>Studied economics at Lund University and Malmö University. 35 years of experience within finance departments at various companies such as Safegate International AB, KPMG, and Accountor. Current part owner and chairman of Rönneholm Management AB.</p>		3,000
 <p><b>Eva Ståhl Wernersson</b></p>	<p><b>QM/RA Director</b></p> <p>Master of Science in Chemical Engineering and PhD. at Faculty of Engineering at Lund University. Extensive experience in medical devices, Biotech, electrical-mechanical products, and chemical processes in managerial roles. Eva has held positions at Pharmiva AB, Camurus AB, and GS-development and now works at her own consulting business Astrad AB</p>		15,000
 <p><b>Suhail Mufti</b></p>	<p><b>Medical Director</b></p> <p>Medical graduate from the Government Medical College, Srinagar. Current Academic Director at the James Lind Institute in Switzerland. Previous assignments include Senior Director &amp; Head of Clinical Development at Piramal Enterprises NCE Research, Associate Director for Life Sciences at Cognizant Technology Solutions, Vice President for R&amp;D at Venus Medicine Research Centre, and Director for Translational Medicine and Therapeutics at HelthCare Global Enterprises Ltd.</p>		

Source: Scandinavian ChemoTech, Redeye research



## Scandinavian ChemoTech: Board of Directors

Name	Position	A-Shares	B-Shares
 <p><b>Lars Hedbys</b></p> <p>Chairman of the board</p> <p>Chairman of the board since 2020. Master of Science in Chemical Engineering from Chalmers University of Technology. Over 30 years of experience in leading positions in life science companies. Current assignments include chairman of the board at IAmPatient AB, Asgard Therapeutics AB and Strominnate Therapeutics AB and alternate board member of CanImGiode AB and Immodulate AB. Previous experience includes research and development at AstraZeneca, CEO of Idogen, Pharmiva AB, and chairman of the board at Lund Life Science Incubator.</p>			1,282
 <p><b>Rolf Ehrnström</b></p> <p>Director</p> <p>Member of the board since 2020. Master of Science in Biochemistry &amp; Biotechnology from the Royal Institute of Technology. He has extensive experience in the Life Science Industry where he has worked in Scientific and Product Development management roles at LKB, Pharmacia Biotech, and Amersham-Pharmacia Biotech. Current assignments include CSO of Immunovia AB, board member of Gradientech AB and Fluimedix A/S, and CEO and owner of Reomics AB</p>			20,000
 <p><b>Robin Sukhia</b></p> <p>Director</p> <p>Member of the board since 2020. Bachelor of Science in Business Administration from the State University of New York. Robin has also studied at Uppsala University's Department of Peace and Conflict research. Current assignments include Secretary General and President of the Sweden-India Business Council and Secretariat to ISBLRT - India Sweden Business Leader's Roundtable. Previously Special Advisor at Risk Mitigation firm Vesper Group.</p>			15,000
 <p><b>Bengt Engström</b></p> <p>Director</p> <p>Member of the board since 2020. Degree from the Royal Institute of Technology. Former President of Whirlpool Europe, Fujitsu Nordic. Other previous assignments include CEO of Duni AB and Director of Bofors AB. Current assignments include being Chairman of the board at QleanAir AB and Nordic Flanges, and board member at Bure Equity AB, Scanfil OY, Scandinova Systems AB, KTH Executive School AB, and Real holding AB.</p>			49,400
 <p><b>Martin Jerndal</b></p> <p>Director</p> <p>Member of the board since 2015. Master of Business in Finance from Lund University. 20+ years of experience within banking with a focus on market making and trading credit risk. Previous assignments include Execution Trader, Fixed Income at Robur, Chief Dealer, Head of Credit Trading, Credit Trading, and Complex Risk at Nordea.</p>			594,704

Source: Scandinavian ChemoTech, Redeye research

## Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

### Rating changes in the report

**People: 2**

The leadership team and board of directors at Scandinavian ChemoTech boast significant experience in the life science industry. The board chairman has more than 14 years of experience from AstraZeneca, primarily in the research and development department. The COO, Suhail Mufti, is also a valuable asset to the company as an academic director at the James Lind Institute in Switzerland, bringing academic expertise and R&D insights to the table.

**Business: 3**

The viability of the company's business model remains unproven as yet. Still, we see potential for the success of its products as it continues to ramp up its marketing efforts in target markets. Scandinavian ChemoTech has established a network of local distributors that could play a key role in driving future growth.

**Financials: 0**

Scandinavian ChemoTech still has some way to go before reaching profitability and will require new funding within the next 12 months. Our projections indicate the company will start generating positive cash flows from 2027e.

	2021	2022	2023e	2024e	DCF Valuation Metrics				Sum FCF (SEKm)
INCOME STATEMENT					Firm Value				160
Revenues	0	0	4	8	Net Debt (last quarter)				68
Cost of Revenues	-3	0	2	4	Equity Value				92
Gross Profit	3	1	2	5	Fair Value per Share				9
Operating Expenses	17	18	24	29					
EBITDA	-14	-18	-22	-24					
Depreciation & Amortization	3	3	3	3					
EBIT	-17	-21	-25	-27		2021	2022	2023e	2024e
Net Financial Items	-1	-2	-1	-2	CAPITAL STRUCTURE				
EBT	-18	-23	-26	-29	Equity Ratio	0.9	0.6	0.8	0.7
Income Tax Expenses	0	0	0	0	Debt to equity	0.0	0.6	0.3	0.4
Non-Controlling Interest	0	0	0	0	Net Debt	-8.0	2.0	-9.0	-5.0
Net Income	-18	-23	-26	-29	Capital Employed	24	14	25	21
					Working Capital Turnover	0	0	9	7
BALANCE SHEET					GROWTH				
Assets					Revenue Growth	N/A	8.7	6.8	1.3
Current assets					Basic EPS Growth	N/A	0.0	0.2	0.1
Cash & Equivalents	9	6	17	13	Adjusted Basic EPS Grow	N/A	0.0	0.2	0.1
Inventories	2	3	6	7					
Accounts Receivable	3	3	3	3	PROFITABILITY				
Other Current Assets	0	0	0	0	ROE	-107%	-120%	-134%	-128%
Total Current Assets	13	12	25	23	ROCE	-71%	-149%	-101%	-131%
					ROIC	-134%	-183%	-321%	-362%
Non-current assets					EBITDA Margin (%)	-29104%	-3798%	-604%	-287%
Property, Plant & Equipment, I	0	0	0	0	EBIT Margin (%)	-34851%	-4421%	-684%	-322%
Goodwill	0	0	0	0	Net Income Margin (%)	-36210%	-4809%	-706%	-346%
Intangible Assets	12	9	7	6					
Right-of-Use Assets	0	0	0	0	VALUATION				
Shares in Associates	0	0	0	0	Basic EPS	-1.8	-1.9	-2.2	-2.4
Other Long-Term Assets	0	0	0	0	Adjusted Basic EPS	-1.8	-1.9	-2.2	-2.4
Total Non-Current Assets	12	10	8	6	P/E	neg	neg	neg	neg
Total Assets	26	22	33	29	EV/Revenue	3189.4	132.2	32.4	14.6
					EV/EBITDA	neg	neg	neg	neg
Liabilities					EV/EBIT	neg	neg	neg	neg
Current liabilities					P/B	6.9	4.3	5.2	6.2
Short-Term Debt	0	0	0	0					
Short-Term Lease Liabilities	0	0	0	0	SHAREHOLDER STRUCTURE				
Accounts Payable	1	0	0	1	CAPITAL %				VOTES %
Other Current Liabilities	1	8	8	8	Avanza Pension		11.7%		9.6%
Total Current Liabilities	2	8	8	9	Mohan Frick		7.6%		19.1%
					Nyenburgh Holding B.V.		6.1%		6.3%
Non-current liabilities					Martin Jerndal		5.0%		5.1%
Long-Term Debt	0	0	0	0	J.H Consulting AB		3.5%		2.8%
Long-Term Lease Liabilities	0	0	0	0					
Other Long-Term Liabilities	0	0	0	0	SHARE INFORMATION				
Total Non-current Liabilities	0	0	0	0	Reuters code				CMOTEC.b
					List				First North
Non-Controlling Interest	0	0	0	0	Share price				7.0
Shareholder's Equity	24	14	25	21	Total shares, million				12.0
Total Liabilities & Equity	26	22	33	29					
CASH FLOW					MANAGEMENT & BOARD				
NOPAT	-17	-21	-25	-27	CEO				Mohan Frick
Change in Working Capital	-4	5	-2	-1	CFO				Ann Ohlsson
Operating Cash Flow	-19	-22	-25	-27	Chairman				Lars Hedby
Capital Expenditures	0	-3	0	0	ANALYSTS				
Investment in Intangible Asset	-3	0	-1	-1	Sebastian Andersson				Redeye AB
Investing Cash Flow	-3	0	-1	-1	Filip Einarsson				Mäster Samuelsgatan
									111 57 Stockholm
Financing Cash Flow	30	21	37	25					
Free Cash Flow	-22	-25	-26	-28					

## Redeye Rating and Background Definitions

### Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

### People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

### Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

### Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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## Disclaimer

### Important information

Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

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### Redeye Rating (2023-03-15)

Rating	People	Business	Financials
5p	7	6	2
3p - 4p	142	141	37
0p - 2p	22	24	132
Company N	171	171	171

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### CONFLICT OF INTERESTS

Sebastian Andersson owns shares in the company : No

Filip Einarsson owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.