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Company Comment	Healthcare	Sweden	19 June 2024
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Curasight financing plan would alleviate balance sheet overhang

Curasight has resolved upon a directed share and warrant issue, and has also issued convertible debt, a strategy that should fund operations through 2024 and, via the warrants, potentially up to uTREAT first patient in (FPI), in mid-2025. The plan should help strengthen the balance sheet, in our view, and strikes a balance between dilutive and non-dilutive funding that should help repair damage to the shares from the previously planned rights issue.

Use of proceeds and development plan

Use of proceeds is focused on uTRACE in prostate cancer, but includes "activities to broaden the pipeline", and management listed objectives that include studies for both the uTRACE and uTREAT programmes, with preliminary ph1/2a efficacy data for uTREAT planned for a Q4/25 readout, potentially. The timeline looks achievable, given the surgical setting, although it will require strong execution not only operationally, but also with respect to maximising the financing potential of the debt and equity issues.

Overview of financing plan structure and resultant runway

The DKK 7.8m directed share issue and DKK10m first tranche of the loan facility is currently funding operations, and the second tranche is to be released upon approval of the prospectus for the issue of warrants, and management expects this to be completed by Q3. Together, the first two tranches should be sufficient to fund operations through 2024. The plan is for the warrants to finance most of H1/25, by which time management expects the uTRACE programme's progress to facilitate further financing beyond the current plan.

DKK 6.65m of the directed share issue was agreed at a 20% discount, while the remainder, for the BoD, was not discounted. In our view, the financing structure is what one would typically expect for a company with similar balance sheet constraints and timeline as it relates to coming inflection points. The financing should help repair some of the damage inflicted by the recent planned rights issue that ultimately fell through and aims to prevent too much dilution.

Key figures

(DKKm)	2023	2024E	2025E	2026E
Revenues (m)	0	0	0	0
Adj. EBIT	(33)	(72)	(87)	(87)
PTP (m)	(33)	(72)	(87)	(87)
EPS	(1.67)	(2.80)	(2.77)	(2.39)
EPS (adjusted)	(1.67)	(2.80)	(2.77)	(2.39)
DPS	0.00	0.00	0.00	0.00
Revenue growth (%)	0.0	0.0	0.0	0.0
EPS growth (%)	n.a.	n.a.	n.a.	n.a.
Operating margin (%)	0.0	0.0	0.0	0.0
ROCE (%)	(74.7)	(109.4)	(85.5)	(83.2)
Net Debt/EBITDA (x)	0.6	1.3	1.1	1.1
PER (adjusted)	(10.6)	(4.6)	(4.6)	(5.3)
Dividend yield (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	(8.5)	(20.7)	(21.7)	(18.8)
P/BV (x)	11.3	3.5	4.0	4.5
EV/EBIT (x)	(10.0)	(3.6)	(3.7)	(4.4)
EV/Sales (x)	n.m.	n.m.	n.m.	n.m.

Source: SEB

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