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Company Comment	Healthcare	Sweden	29 November 2024
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Acquisition of Combinostics and rights issue

Last night, SyntheticMR announced the acquisition of Combinostics, a medtech and software company that offers advanced diagnostic solutions. Combinostics has sales LTM Q3/24 sales of SEK 10.5m (77% growth from 2023) and EBITDA of SEK -3.3m. SyntheticMR pays SEK 49.6m, corresponding to an EV/sales of 4.7x. It also announced a preferential rights issue with gross proceeds of SEK 65m. SEB is advisor to SyntheticMR for the rights issue.

About Combinostics

Combinostics is a Finland-based medtech and software company, with a focus on cloud-based and AI-powered platforms. Its solutions, including cNeuro® cDSI, cMRI, cPET and cDAT, offer clinical decision support and advanced image analysis to support healthcare professionals in making informed and evidence-based decisions. The products are designed to integrate with existing systems such as PACS, increasing efficiency and improving workflows within healthcare facilities. Combinostics products are approved for sales in Europa and The US. We note Combinostics on their website highlighting partnerships with GE Healthcare, Sectra, and Siemens Healthineers

Combinostics cNeuro cMRI interface



Source: Combinostics

The acquired company had grown its annual recurring revenue (ARR) from SEK 1.2m in 2021 to SEK 6.23m in 2023, corresponding to 129% CAGR. Combinostics sales had LTM sales of SEK 10.5m and EBITDA of SEK -3.3m with a margin of -31%.

Combinostics financial details

Year	2021	2022	2023	LTM-Q3/24
ARR	1.19	3.17	6.23	
y/y		166%	97%	
Net sales			5.9	10.5
EBITDA			-18.3	-3.3
EBITDA margin			-308%	-31%

Source: SyntheticMR, SEB

Transaction details

SyntheticMR pays SEK 49.6m for the acquisition, of which SEK 4.3m is in promissory note, corresponding to an EV/sales of 4.7x (SyntheticMR trading at 3.4x ahead of transaction). The company also announced a preferential right issue of 17.9m shares (30% dilution) intended to raise gross proceeds of SEK 65m (subscription price 3.65). Following the transaction and before fees, LTM

cash would increase from SEK 16.6m to SEK 36.3m (net cash of SEK 32m.) At a share price of SEK 5.5 per share, SyntheticMR's LTM EV/sales will go from 2.9x to 3.5x. We believe Combinostics looks like an interesting complement, as well as contributing with recurring revenue. Its recent growth track record suggests to us that the deal should be accretive to growth ahead.

Acquisition and rights issue impact on LTM financials

LTM (SEKth.)	SyntheticMR	Combinostics	Share Issue	Post-transaction	Change
Sales	73,152	10,500		83,652	14%
EBITDA	4,689	-3,300		1,389	-70%
	6.4%	-31.4%		1.7%	
Cash	16,591	-45,300	65,000	36,291	
Debt		4,300		4,300	
Net debt	-16,591	49,600	-65,000	-31,991	
Shares (th.)	41,688		17,866	59,555	43%
Current share price (SEK)	5.50			5.50	
Market cap	229,286			327,551	
EV	212,695			295,560	
EV/Sales	2.9	4.7		3.5	
EV/EBITDA	45.4			212.8	

Source: SyntheticMR, SEB

The subscription period for the new shares is 23 December 2024 to 13 January 2025. Trading in the subscription rights is expected to take place from 23 December 2024 to 8 January 2025 and trading in BTA (paid subscribed shares) is expected to occur between 23 December 2024 and 22 January 2025. SEB is advisor to SyntheticMR in conjunction with the rights issue.

Key figures

(SEKm)	2023	2024E	2025E	2026E
Revenues (m)	94	75	85	101
Adj. EBIT	14	(6)	4	14
PTP (m)	13	(6)	4	14
EPS	0.24	(0.18)	0.07	0.26
EPS (adjusted)	0.24	(0.18)	0.07	0.26
DPS	0.00	0.00	0.00	0.00
Revenue growth (%)	30.7	(24.8)	17.5	19.8
EPS growth (%)	70.4	n.a.	n.a.	n.a.
Operating margin (%)	15.8	(9.6)	4.5	15.0
Adj. EBIT margin (%)	14.9	n.m	4.2	14.0
ROCE (%)	12.4	(5.7)	3.2	11.9
Net Debt/EBITDA (x)	(1.0)	(27.6)	(0.8)	(0.5)
PER (adjusted)	110.6	(35.5)	96.1	24.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	(1.6)	(2.9)	(1.1)	1.1
P/BV (x)	9.5	2.4	2.4	2.1
EV/EBIT (x)	77.3	(39.0)	71.8	17.8
EV/Sales (x)	12.19	3.75	3.23	2.67

Source: SEB

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