Prolight Diagnostics AB

Commercial prototype marks an important milestone towards upcoming studies

Johan Widmark | 2024-12-03 13:30

The arrival of the first commercial prototype instruments for Prolight's Psyros Point of Care (POC) system marks an important development milestone for the company. Delivered by development partner G&H I ITL, the prototypes will now undergo rigorous stress-testing and be utilised in the pivotal pre-validation study set to refine the high-sensitivity troponin test and platform. This progress solidifies the timeline towards the 2025 clinical performance study, setting Prolight up for IVDR certification and a groundbreaking commercial launch of high sensitive troponin in 2026. With proof-of-performance for high sensitivity troponin, a first commercial prototype, which raises the likelihood to get to launch to 82% (75%), and the potential to expand to BNP and D-Dimer, we now find support for a fair value of SEK 0.9-1.0 (0.85-0.92) per share.

Advancing with strengthened financials

Prolight continues to make strides with its Psyros platform. The arrival of the first of thirty full commercial prototypes marks a pivotal moment, enabling the pre-validation study that includes fresh blood samples from approximately 120 cardiac patients at St. Thomas' Hospital in London and approximately 1,200 frozen plasma samples from biobanks. Frist results from the study, expected in Q1 2025, will fine-tune the system, minimising risks and ensuring the robustness of the final design. This progress aligns with the clear path to IVDR certification and commercialisation in 2026. In October, the TO7 warrant program was exercised at a 96.4% rate, raising SEK 12.6m before costs. Management and board members fully exercised their warrants, increasing their ownership to 22.8% of total shares—a strong signal of insider confidence in Prolight's progress and potential.

Scaling manufacturing and refining the Psyros platform

Prolight achieved several key technical milestones in Q3'24 as the September business review demonstrated cost-efficient, scalable cartridge production, eliminating the need for expensive liquid reagents and enabling multiplex biomarker testing from a single blood drop. Participation in high-profile industry events, such as the 2024 Cardiac Markers Dialogue Meeting and DxPx at ADLM in Chicago, further strengthened its market positioning.

Support for a new fair value of SEK 0.9-1.0

With the pre-validation study leveraging commercial prototypes now underway, and first results expected in Q1 2025, Prolight remains firmly on track for the 2025 multicentre clinical performance trial. These efforts will culminate in a regulatory submission and the anticipated 2026 commercial launch of the high-sensitivity troponin test. Adding the potential for BNP and D-Dimer POC-tests, this translates to an NPV of SEK 730m (680m). Factoring in a potential equity raise of SEK 90m, we now find support for a fair value of SEK 0.9-1.0 (0.85-0.92) per share. With milestones achieved and further technical and commercial validation expected, Prolight's trajectory towards realising its market potential, with increased interest from potential partners, remains strong.

Prolight Diagnostics

Fair Value, SEK	**0.9-1.0**
Current Price, SEK	0.149
Shares (M)	702.1
Market Cap (MSEK)	104.6
Net Debt (MSEK) Est.	-27.6
EV (MSEK) Est.	77.0
Market	Nordic SME

Prolight Financial Summary

Prolight Financial Summary		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue	SEKm	0.0	0.0	47.8	135.8	21.1	31.5	116.5	166.5	168.6	217.6	307.0	390.5	420.2
EBIT	SEKm	-135.8	-35.8	8.2	92.4	-26.3	-19.8	61.1	107.8	107.6	154.0	240.6	321.2	347.7
EV/Sales	SEKm	-	-	1.6	0.6	3.6	2.4	0.7	0.5	0.5	0.4	0.2	0.2	0.2
EV/EBIT	SEKm	-	-	9.4	0.8	-2.9	-3.8	1.3	0.7	0.7	0.5	0.3	0.2	0.2

Source: Emergers, Prolight

Prolight in short

Prolight Diagnostics was founded in 1999 in Lund by Masoud Khayyami, PhD in Chemistry from Lund University. The objective was to develop a diagnostic POC-test that could quickly determine whether a patient had suffered a heart attack or not.

In early 2022 Prolight acquired British company Psyros Diagnostics, and with it, its groundbreaking, proprietary digital immunoassay POC testing technology. A compact and portable device with specialized cartridges that can perform tests directly from a drop of blood, with results available within 10 minutes.

Initially the device will be used to measure levels of the cardiac biomarker troponin, which is used as an aid to determine whether or not a patient is suffering from a myocardial infarction. The new ground-breaking technology may also open up the possibility of developing new POC-tests in a wide range of clinical areas that were previously only possible to carry out in specialised laboratories. Psyros is now fully integrated with Prolight and functions as a fully owned subsidiary.

A partnership with Cambridge based The Technology Partnership (TTP) was initiated to develop the MicroFlex POC-platform. Prolight has contributed to the development of the well-proven ELISA technology into a Microformat, which has been combined with the Flex membrane technology, developed by TTP. The further developed combination of these two technologies, Micro Flex, has the potential to achieve equivalent test performance as hospital laboratories, very well suited for distributed testing. In late 2022 Prolight signed a commercialisation agreement with TTP regarding the Micro Flex system, where Prolight will receive a share of future revenues. This however, is not included in our valuation.

After the end of Q3'24, Prolight was granted a European patent for the separation of plasma from whole blood within a fluidic consumable. The patent opens new potential business opportunities by incorporating the technology into other disposable fluidic systems.

The Market for POCT and Cardiac Biomarkers

There is a clear and pressing demand for quick and accurate tests that can be conducted near the patient. The market is calling for more tests to be moved out of large hospital laboratories and closer to the healthcare providers who treat the patients. During the COVID-19 pandemic, there was a significant increase in interest for point-of-care testing (POCT), which helped people recognize the value of fast, easy, and effective testing right where the patient is being treated.

Today, many companies, clinics, individuals, politicians, and others understand that these kinds of tests can bring great benefits to patients, the healthcare system, and companies alike. As a result, the need for secure, precise, and high-quality POC-tests is expected to keep growing.

On Dec 29, 2023 Roche announced that it will pay USD 295 m to acquire LumiraDx with an additional USD 55 m to fund operations until acquisition is completed in mid 2024.

There are also other transactions in the field in the last couple of years. In early 2023, French POC company Biosynex acquired Chembio Diagnostics for USD 17,2 m to gain access to the company's POC tests for infectious diseases. In 2022, Biomerieux acquired Specific Diagnostics for USD 417 million for the Specific Reveal Rapid AST system. Specific Diagnostics is not really POC but it is a rapid system, i.e., providing quick result for immediate decision

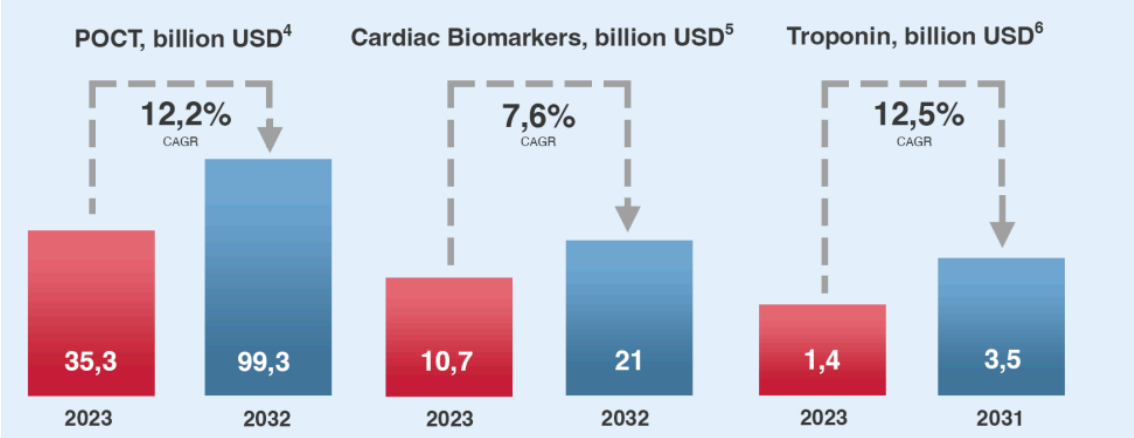
making. In 2021 Thermo Fisher Scientific acquired POC company Mesa Biotech for USD 450 m.

It is also worth mentioning in this context Abbott's acquisition of Alere for USD 5.8 billion in 2016, a deal that positioned them as a leader in the POC market. The acquisitions not only demonstrate that there has been a long-standing interest in point-of-care testing, but also that this interest is increasing.

In addition, the four founders of Psyros Diagnostics, today significant shareholders and working full time in Prolight, have previously developed another POC system, Vivacta, which they sold to the pharmaceutical company Novartis for 90 million USD.

According to Precedence Research, the global POCT market is expected to grow from USD 35.3 billion in 2023 to USD 99.3 billion by 2032. The primary drivers behind the overall growth of POC testing are projected to be the increased need for diagnostics in developing countries, the growing demand for central laboratory tests being shifted to clinics closer to the patient, such as primary care and elderly care facilities, rapid technological advancements, digitization in healthcare, increasing investments in research and development, and an aging population in the Western world.

Global Market and CAGR (USDbn)



Source: Presedence Research, IMARC Group, Coherent Market Insights, Prolight

The global market for bio-cardiac markers was valued at approximately USD 10.7 billion in 2023, and it is projected to grow at a rate of around 7.6 percent annually until 2032, reaching an estimated value of around USD 21 billion. The market for POC tests for bio-cardiac markers is driven by the increasing number of individuals with heart diseases and the growing awareness of the importance of early diagnosis and demand for prompt and targeted medical interventions.

The market for Troponin is expected to grow from USD 1.4bn in 2023 at a CAGR of 12.5% to reach an estimated USD 3.5bn in 2031.

Potential paradigm shift with new POC-tech

In Sweden, around 250,000 patients seek medical attention for chest pains every year, but less than 10% of these cases are ultimately confirmed as myocardial infarctions. The current diagnostic process involves an ECG and troponin test that is sent to a centralized laboratory, resulting in lengthy waiting periods. Therefore the need for fast and accurate near patient testing has a very high demand on the market. Moreover, this means that the remaining 90% of patients who do not have myocardial infarctions still undergo the same examination. However, Prolight's device offers results

within 10 minutes, enabling caregivers to allocate resources more efficiently to patients requiring urgent assistance.

Other advantages of the portable, proprietary single molecule counting POC-system is the simplicity and low production costs. Today, low production costs is a pre-requisite to be able to offer a very competitive price and to achieve successful sales on the POC market.

Showcasing strong evidence

In late November 2022, Prolight unveiled evidence of the high-performance capability of its high-sensitivity immunoassay detecting single molecules of TSH (Thyroid Stimulating Hormone) at low levels. In June and November 2023 Prolight announced that the device also showed proof-of-performance for high-sensitive troponin. By utilizing serum and whole blood samples from human subjects, quantitative measurements of troponin levels were conducted within the range of single digit nanograms per liter (ng/L). This strengthens Prolight's case relative to competing solutions because it means avoiding centrifugation and cell separation, which lowers costs. It also requires a smaller volume of blood, which is an advantage for capillary blood samples. These concentrations are indicative of those required for rule out of myocardial infarction as defined by the European Cardiology Society's Guidelines on Fourth Universal Definition of Myocardial Infarction. To reach single digit nanograms per liter (ng/L) is an extremely strong technical milestone given it has only been achieved by a very limited number of companies and even fewer for POC tests.

The company's pioneering research led to a prestigious grant from SBRI Healthcare. During 2023, phase two of the grant, totaling approximately GBP 1m, was successfully completed. The grant was conditional upon achieving certain milestones, all of which have now been met or exceeded, including the development of six fully functional prototypes. Further, in May of 2024, the company was also awarded an NIHR Invention for Innovation (i4i) Product Development Award (PDA) of SEK 17M (£1,26M) in collaboration with among others, Guy' s and St Tomas´ NHS Foundation Trust, and King´s College London. These prestigious grants have accelerated the development of the digital POC-system and represent significant recognitions.

Significant potential gains with POC-testing

Prolight's POC-testing device comprises a user-friendly disposable test cartridge and a portable analysis unit. It eliminates the need for costly components, leading to cost-effective production. This innovative technology also unlocks opportunities for the development of novel POC tests in diverse clinical domains that were previously limited to specialized laboratories offering high sensitivity and precision. Potential future clinical applications encompass neuropathology (such as dementia and traumatic brain injuries), immune system disorders (like sepsis and autoimmune diseases), and virus detection.

Expanding into additional USD multibillion areas

Clinical Area	Market Value (USD)
Neuropathology	5.9 billion (2019)
Immune System Dysfunctions, such as sepsis	5.5 billion (2022)
Virus Detection	4.1 billion (2021)

Source: Emergers, Marketsandmarkets, MordorIntelligence.

The sensitivity and accuracy of this single molecule POC immunoassay, are expected to match or exceed those of PCR tests currently performed on large laboratory instruments to detect infectious virus particles like COVID. The highly significant difference is that the response time can be as short as 10 minutes or less and not hours or days.

Short roadmap to launch

After announcing the proof-of-performance in mid-June and November, Prolight is now focused on developing a state-of-the-art commercial instrument for its POC digital immunoassay system in compliance with all regulatory standards required by IVDR. They have partnered with Integrated Technologies Limited (ITL) for industrialization of the instrument and are preparing for the IVDR certification. Due to the shortage of Notified Bodies, we do not expect launch and commercialization until 2026.

Expected Timeline

2024				
Assay development freeze	POC System design	POC system verification	Set-up pilot manufacturing lines	Commercial POC system ready for pre-clinical validation

2025	
Full clinical performance study	Stockbuild for commercial launch

2026	
Regulatory approval (IVDR) Notified Body	Commercial launch high sensitive Troponin

2027

2028

Commerical launch BNP

2029

2030

Commercial launch D-Dimer

2031

Troponin 20% penetration

Source: Prolight, Emergers

High potential for the long-term investor

While we acknowledge the potential for Prolight and its POCT-device to venture into other lucrative clinical areas and incorporate multiplexing, our current valuation focuses exclusively on the POCT-device's application for troponin.

Since there are no digital POC systems available in the market yet, it is difficult to make accurate estimates about revenue, costs, and cash flow. However, based on an estimated average price of USD 20 per high-sensitive troponin POC-test and an annual suspected heart attack rate of 2.5% of the population, we can make some rough calculations about Prolight's potential earnings. Assuming the product launches in 2026, and with a projected peak market penetration of 30% in 2034, corresponding to 10m tests globally, we estimate sales of SEK 2.4 billion in 2035. It's worth noting we do not expect

Prolight to take the project all the way to market alone and will probably seek a commercial partner instead.

Following the proof-of-performance, we now estimate a cumulative 75% probability that Prolight will successfully complete the remaining steps, including developing the fully functional commercial product, obtaining IVDR approval including the required clinical validation, and finding a commercial partner for the launch, on expected time. Future revenues may come from various partner set-ups. In our model we have chosen one alternative and used it as a possible proxy where we estimate USD 20 million in combined upfront and milestone payments (USD 5m when finding a licensee, USD 5m when IVDR approval is in place and USD 10m at market launch), along with a 15% royalty on sales. However, since the final partnership set up may look very different for Prolight this is just one model we have used as an assumption.

For BNP and D-Dimer, we anticipate an incidence rate of 2% and 0.5% within the population, with a projected peak market penetration of 10%. This would result in approximately 1.9 million and 700,000 tests respectively by the year 2034. Assuming a price per test of USD 40 and USD 100 for BNP and D-Dimer tests respectively, the combined sales revenue is estimated to reach USD 150 million in 2034.

Furthermore, we anticipate that these tests will be introduced through a partnership, wherein Prolight will receive a 12.5% royalty. All future earnings have been adjusted for risk with a 82% likelihood that the tests reach commercial phase, leaving Prolight with earnings of a combined (troponin + BNP + D-Dimer) of around SEK 390m in 2034.

Financial position

Following the exercise of TO6 and TO7, the company now holds around SEK 28m in cash. A signed agreement, with a potential industrial partner ahead of the estimated launch may provide even more capital to the company.

As for financing of the continued development, we estimate that Prolight will need around SEK 90 million in additional capital. Taking this into account, we estimate a fair value range of SEK 0.9-1.0 (0.85 – 0.92) per share. It is important to note that the company's expansion into other clinical areas and the implementation of multiplexing would substantially enhance its valuation, but these endeavors are anticipated to occur several years down the line.

Sum of the Parts NPV

Troponin	USDm	52.73
BNP	USDm	9.80
D-Dimer	USDm	6.82
Total	**USDm**	**69.35**
USDSEK		10.5
Fair Value	SEKm	728.1
New Equity	SEKm	90.0
Existing Shareholders	SEKm	638.1
Current NOS		702.1
Fair Value	SEK	0.91

Source: Emergers

NPV Calculation for Prolight and potential Licensee, Troponin

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Suspected Heart Attacks in 7MM		19.5	19.8	20.1	20.4	20.7	21.0	21.3	21.6	22.0	22.3	22.6	23.0	23.3
Suspected Heart Attacks in ROW		10.5	10.7	10.8	11.0	11.1	11.3	11.5	11.7	11.8	12.0	12.2	12.4	12.6
Total Suspected Heart Attacks		30.0	30.5	30.9	31.4	31.8	32.3	32.8	33.3	33.8	34.3	34.8	35.3	35.9
Penetration				0%	1%	3%	7%	12%	15%	18%	25%	28%	30%	28%
Number of tests	M	0.0	0.0	0.1	0.2	1.0	2.3	3.9	5.0	6.1	8.6	9.7	10.6	10.0
Average price per test	USD			20.00	20.20	20.40	20.61	20.81	21.02	21.23	21.44	21.66	21.87	22.09
Sales	USDm			1.6	4.1	19.5	46.6	81.9	105.0	129.1	183.9	211.1	231.9	221.9
Sales Forecasts	**USDm**	**-**	**-**	**1.6**	**4.1**	**19.5**	**46.6**	**81.9**	**105.0**	**129.1**	**183.9**	**211.1**	**231.9**	**221.9**
Upfront Payments to Prolight	USDm	-	5.0			-	-	-	-	-	-	-	-	-
Milestone Payments														
Proof of Performance	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Prototype	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
IVDR Approval	USDm	-	-	5.0	-	-	-	-	-	-	-	-	-	-
Launch	USDm	-	-	10.0	-	-	-	-	-	-	-	-	-	-

RISK ADJUSTED		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Risk Adjusted Sales Forecas	81.9%	-	-	1.3	3.4	16.0	38.2	67.1	86	106	151	173	190	182
Risk Adjusted Upfront & Milestones		-	4.6	12.7	-	-	-	-	-	-	-	-	-	-

Licensee Cash Flows and NPV		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
COGS	25%	0%	0%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
SG&A	20%	0%	0%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Royalties Payable to Licensor														
Royalty Rate		15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Royalty Payments to Licensor		0.0	0.0	0.2	0.5	2.4	5.7	10.1	12.9	15.9	22.6	25.9	28.5	27.3
Licensee Cash Flows (pre-tax)		0.0	-4.6	-12.2	1.3	6.4	15.3	26.8	34.4	42.3	60.2	69.2	76.0	72.7
Taxable Profit		0.0	-4.6	-12.2	0.0	0.0	6.2	26.8	34.4	42.3	60.2	69.2	76.0	72.7
Income Tax		0.0	0.0	0.0	0.0	0.0	1.3	5.6	7.2	8.9	12.7	14.5	16.0	15.3
Licensee Cash Flows (after-tax)		**0.0**	**-4.6**	**-12.2**	**1.3**	**6.4**	**14.0**	**21.2**	**27.2**	**33.4**	**47.6**	**54.6**	**60.0**	**57.4**
Discount Period		0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5
Discount Rate		8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Discount Factor		0.96	0.88	0.82	0.75	0.69	0.64	0.59	0.54	0.50	0.46	0.42	0.39	0.36
Net Present Value		222.75												
Terminal Value		205.50												
Licensee NPV		**428.25**												

Prolight Cash Flows and NPV	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Prolight Cash Flows (pre-tax)	0.00	4.55	12.94	0.51	2.39	5.73	10.06	12.90	15.87	22.59	25.94	28.49	27.26
Income Tax	0.0	1.0	2.7	0.1	0.5	1.2	2.1	2.7	3.3	4.7	5.4	6.0	5.7
Prolight Cash Flows (after-tax)	**0.0**	**3.6**	**10.2**	**0.4**	**1.9**	**4.5**	**8.0**	**10.2**	**12.5**	**17.8**	**20.5**	**22.5**	**21.5**
Discount Period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5
Discount Rate	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%
Discount Factor	0.92	0.78	0.66	0.56	0.48	0.41	0.34	0.29	0.25	0.21	0.18	0.15	0.13
Net Present Value	44.24												
Terminal Value	8.49												
Licensor NPV	**52.73**												

Please note: Model continues beyond 2035 but is cut off for the sake of overview

WACC		
Equity Beta	**Licensee**	**Licensor**
Unlevered beta	1.30	2.50
Debt to Total Capital (D/(D+E))	20.0%	0.0%
Equity to Total Capital ratio (E/(D+E))	80.0%	100.0%
Debt to Equity (D/E)	25.0%	0.0%
Tax rate	21.0%	21.0%
Relevered beta	**1.56**	**2.50**
Capital Asset Pricing Model		
Risk-free rate (20 yr. U.S. gov. bond yield)	4.0%	4.0%
Market Risk Premium (Damodaran)	3.5%	3.5%
Size premium	0.0%	5.0%
Cost of equity	**9.4%**	**17.8%**
WACC		
Cost of Equity	9.4%	17.8%
Pre-tax cost of debt	6.0%	6.0%
Post-tax cost of debt	4.7%	4.7%
% net debt	20.0%	0.0%
Discount Rate	**8.5%**	**17.8%**

Probability of Success		**Cumul.**
Proof of Performance	100.0%	100.0%
Development Prototype	100.0%	100.0%
IVDR Approval	91.0%	91.0%
Launch	90.0%	81.9%

TOTAL RISK ADJUSTED NPV	
Licensee NPV	428.25
Prolight NPV	52.73
Total NPV	**480.97**

PROLIGHT FAIR VALUE		
Fair Value	USDm	52.73
USD/SEK		10.5
Fair Value	SEKm	553.6

Source: Emergers

NPV Calculation for Prolight and potential Licensee, BNP

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Suspected Heart Failures in 7MM		7,8	7,9	8,0	8,2	8,3	8,4	8,5	8,7	8,8	8,9	9,1	9,2	9,3
Suspected Heart Failures in ROW		7,8	7,9	8,0	8,2	8,3	8,4	8,5	8,7	8,8	8,9	9,1	9,2	9,3
Total Suspected Heart Failures		15,6	15,8	16,1	16,3	16,6	16,8	17,1	17,3	17,6	17,8	18,1	18,4	18,7
Penetration							1%	2%	4%	6%	8%	10%	10%	10%
Number of tests	M	0,0	0,0	0,0	0,0	0,0	0,2	0,3	0,7	1,1	1,4	1,8	1,8	1,9
Average price per test	USD						40,00	40,40	40,80	41,21	41,62	42,04	42,46	42,89
Sales Forecasts	**USDm**	**-**	**-**	**-**	**-**	**-**	**6,7**	**13,8**	**28,3**	**43,5**	**59,4**	**76,1**	**78,0**	**80,0**
Upfront Payments to Prolight	USDm	-	-	-	2,0	-	-	-	-	-	-	-	-	-
Milestone Payments														
Proof of Performance	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Prototype	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
IVDR Approval	USDm	-	-	-	-	1,0	-	-	-	-	-	-	-	-
Launch	USDm	-	-	-	-	-	7,0	-	-	-	-	-	-	-

RISK ADJUSTED	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Risk Adjusted Sales Forecas 60,8%	-	-	-	-	-	4,1	8,4	17	26	36	46	47	49
Risk Adjusted Upfront & Milestones	-	-	-	1,5	0,6	4,3	-	-	-	-	-	-	-

Licensee Cash Flows and NPV		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
COGS	25%	0%	0%	0%	0%	0%	25%	25%	25%	25%	25%	25%	25%	25%
SG&A	20%	0%	0%	0%	0%	0%	20%	20%	20%	20%	20%	20%	20%	20%
Royalties Payable to Licensor														
Royalty Rate		12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
Royalty Payments to Licensor		0,0	0,0	0,0	0,0	0,0	0,5	1,0	2,1	3,3	4,5	5,8	5,9	6,1
Licensee Cash Flows (pre-tax)		0,0	0,0	0,0	-1,5	-0,6	-2,5	3,6	7,3	11,2	15,3	19,7	20,1	20,7
Taxable Profit		0,0	0,0	0,0	-1,5	-0,6	-2,5	0,0	6,2	11,2	15,3	19,7	20,1	20,7
Income Tax		0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,3	2,4	3,2	4,1	4,2	4,3
Licensee Cash Flows (after-tax)		**0,0**	**0,0**	**0,0**	**-1,5**	**-0,6**	**-2,5**	**3,6**	**6,0**	**8,9**	**12,1**	**15,5**	**15,9**	**16,3**
Discount Period		0,5	1,5	2,5	3,5	4,5	5,5	6,5	7,5	8,5	9,5	10,5	11,5	12,5
Discount Rate		8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%
Discount Factor		0,96	0,88	0,82	0,75	0,69	0,64	0,59	0,54	0,50	0,46	0,42	0,39	0,36
Net Present Value		51,63												
Terminal Value		40,87												
Licensee NPV		**92,50**												

Prolight Cash Flows and NPV	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Prolight Cash Flows (pre-tax)	0,00	0,00	0,00	1,50	0,61	4,76	1,05	2,15	3,30	4,51	5,78	5,93	6,07
Income Tax	0,0	0,0	0,0	0,3	0,1	1,0	0,2	0,5	0,7	0,9	1,2	1,2	1,3
Prolight Cash Flows (after-tax)	**0,0**	**0,0**	**0,0**	**1,2**	**0,5**	**3,8**	**0,8**	**1,7**	**2,6**	**3,6**	**4,6**	**4,7**	**4,8**
Discount Period	0,5	1,5	2,5	3,5	4,5	5,5	6,5	7,5	8,5	9,5	10,5	11,5	12,5
Discount Rate	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
Discount Factor	0,92	0,78	0,66	0,56	0,48	0,41	0,34	0,29	0,25	0,21	0,18	0,15	0,13
Net Present Value	8,47												
Terminal Value	1,32												
Licensor NPV	**9,80**												

Please note: Model continues beyond 2035 but is cut off for the sake of overview

WACC	**Licensee**	**Licensor**
Equity Beta		
Unlevered beta	1,30	2,50
Debt to Total Capital (D/(D+E))	20,0%	0,0%
Equity to Total Capital ratio (E/(D+E))	80,0%	100,0%
Debt to Equity (D/E)	25,0%	0,0%
Tax rate	21,0%	21,0%
Relevered beta	**1,56**	**2,50**
Capital Asset Pricing Model		
Risk-free rate (20 yr. U.S. gov. bond yield)	4,0%	4,0%
Market Risk Premium (Damodaran)	3,5%	3,5%
Size premium	0,0%	5,0%
Cost of equity	**9,4%**	**17,8%**
WACC		
Cost of Equity	9,4%	17,8%
Pre-tax cost of debt	6,0%	6,0%
Post-tax cost of debt	4,7%	4,7%
% net debt	20,0%	0,0%
Discount Rate	**8,5%**	**17,8%**

Probability of Success		**Cumul.**
Proof of Performance	75,0%	75,0%
Development Prototype	90,0%	67,5%
IVDR Approval	90,0%	60,8%
Launch	100,0%	60,8%

TOTAL RISK ADJUSTED NPV	
Licensee NPV	92,50
Prolight NPV	9,80
Total NPV	**102,30**

PROLIGHT FAIR VALUE		
Fair Value	USDm	9,80
USD/SEK		10,5
Fair Value	SEKm	102,9

Source: Emergers

NPV Calculation for Prolight and potential Licensee, D-Dimer

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total D-Dimer Tests 7MM		4,0	4,0	4,1	4,2	4,2	4,3	4,3	4,4	4,5	4,5	4,6	4,7	4,8
Total D-Dimer Tests in ROW		2,0	2,0	2,0	2,1	2,1	2,1	2,2	2,2	2,2	2,3	2,3	2,3	2,4
Total D-Dimer Tests		6,0	6,1	6,1	6,2	6,3	6,4	6,5	6,6	6,7	6,8	6,9	7,0	7,1
Penetration								1%	2%	3%	4%	10%	10%	10%
Number of tests	M	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,2	0,3	0,7	0,7	0,7
Average price per test	USD							100,00	101,00	102,01	103,03	104,06	105,10	106,15
Sales	USDm					0,0	0,0	6,5	13,4	20,6	28,1	72,1	73,9	75,7
Sales Forecasts	**USDm**	**-**	**-**	**-**	**-**	**-**	**-**	**6,5**	**13,4**	**20,6**	**28,1**	**72,1**	**73,9**	**75,7**
Upfront Payments to Prolight	USDm	-	-	-		-	1,0	-	-	-	-	-	-	-
Milestone Payments														
Proof of Performance	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Prototype	USDm	-	-	-	-	-	-	-	-	-	-	-	-	-
IVDR Approval	USDm	-	-	-	-	-	-	1,0	-	-	-	-	-	-
Launch	USDm	-	-	-	-	-	-	6,0	-	-	-	-	-	-

RISK ADJUSTED		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Risk Adjusted Sales Forecas	60,8%	-	-	-	-	-	-	4,0	8	12	17	44	45	46
Risk Adjusted Upfront & Milestones		-	-	-	-	-	0,6	4,3	-	-	-	-	-	-

Licensee Cash Flows and NPV		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
COGS	25%	0%	0%	0%	0%	0%	0%	25%	25%	25%	25%	25%	25%	25%
SG&A	20%	0%	0%	0%	0%	0%	0%	20%	20%	20%	20%	20%	20%	20%
Royalties Payable to Licensor														
Royalty Rate		12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
Royalty Payments to Licensor		0,0	0,0	0,0	0,0	0,0	0,0	0,5	1,0	1,6	2,1	5,5	5,6	5,8
Licensee Cash Flows (pre-tax)		0,0	0,0	0,0	0,0	0,0	-0,6	-2,6	3,5	5,3	7,3	18,6	19,1	19,6
Taxable Profit		0,0	0,0	0,0	0,0	0,0	-0,6	-2,6	0,3	5,3	7,3	18,6	19,1	19,6
Income Tax		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	1,1	1,5	3,9	4,0	4,1
Licensee Cash Flows (after-tax)		**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**-0,6**	**-2,6**	**3,4**	**4,2**	**5,7**	**14,7**	**15,1**	**15,4**
Discount Period		0,5	1,5	2,5	3,5	4,5	5,5	6,5	7,5	8,5	9,5	10,5	11,5	12,5
Discount Rate		8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%
Discount Factor		0,96	0,88	0,82	0,75	0,69	0,64	0,59	0,54	0,50	0,46	0,42	0,39	0,36
Net Present Value		40,90												
Terminal Value		25,80												
Licensee NPV		**66,70**												

Prolight Cash Flows and NPV	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Prolight Cash Flows (pre-tax)	0,00	0,00	0,00	0,00	0,00	0,61	4,75	1,02	1,56	2,14	5,47	5,61	5,75
Income Tax	0,0	0,0	0,0	0,0	0,0	0,1	1,0	0,2	0,3	0,4	1,1	1,2	1,2
Prolight Cash Flows (after-tax)	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,5**	**3,8**	**0,8**	**1,2**	**1,7**	**4,3**	**4,4**	**4,5**
Discount Period	0,5	1,5	2,5	3,5	4,5	5,5	6,5	7,5	8,5	9,5	10,5	11,5	12,5
Discount Rate	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
Discount Factor	0,92	0,78	0,66	0,56	0,48	0,41	0,34	0,29	0,25	0,21	0,18	0,15	0,13
Net Present Value	5,99												
Terminal Value	0,84												
Licensor NPV	**6,82**												

Please note: Model continues beyond 2035 but is cut off for the sake of overview

WACC		
Equity Beta	**Licensee**	**Licensor**
Unlevered beta	1,30	2,50
Debt to Total Capital (D/(D+E))	20,0%	0,0%
Equity to Total Capital ratio (E/(D+E))	80,0%	100,0%
Debt to Equity (D/E)	25,0%	0,0%
Tax rate	21,0%	21,0%
Relevered beta	**1,56**	**2,50**
Capital Asset Pricing Model		
Risk-free rate (20 yr. U.S. gov. bond yield)	4,0%	4,0%
Market Risk Premium (Damodaran)	3,5%	3,5%
Size premium	0,0%	5,0%
Cost of equity	**9,4%**	**17,8%**
WACC		
Cost of Equity	9,4%	17,8%
Pre-tax cost of debt	6,0%	6,0%
Post-tax cost of debt	4,7%	4,7%
% net debt	20,0%	0,0%
Discount Rate	**8,5%**	**17,8%**

Probability of Success		**Cumul.**
Proof of Performance	75,0%	75,0%
Development Prototype	90,0%	67,5%
IVDR Approval	90,0%	60,8%
Launch	100,0%	60,8%

TOTAL RISK ADJUSTED NPV	
Licensee NPV	66,70
Prolight NPV	6,82
Total NPV	**73,52**

PROLIGHT FAIR VALUE		
Fair Value	USDm	6,82
USD/SEK		10,5
Fair Value	SEKm	71,6

Source: Emergers

Risks

Development risk. Even though the company has achieved proof of performance for its technology, there are still development risks on the road to a commercial product, primarily with the development of a commercial instrument, ensuring that this meets the expected cost profile, and obtaining regulatory approval according to IVDR and other national regulations.

Delays. In addition to the potential development risks, delays are common in the development of medical technology, which then shifts revenue and profitability further into the future.

Liquidity. With prolonged regulatory processes, or difficulties finding the right licensee, there's a risk Prolight might run out of cash before reaching market launch.

Unbroken ground. The digital immunoassay market is a new market on which Prolight is set to conquer. This provides both great opportunities but also higher risks as the technology will be new to everyone.

Small player. Prolight doesn't have the financial muscle nor the sales force to single handedly take their device to market and will therefore be in the hands of a future partner, which could leverage their big size, disadvantaging Prolight.

Experienced management team

Chairman of the board Masoud Khayyami is Doctor of Applied Biochemistry from Lund University. Extensive experience in research, medicine, medtech, and biotechnology sectors. Solid entrepreneurial experience (such as Prolight Diagnostics AB, Lumito AB, and Gasporox AB) and expertise in applied medicine, microbiology, and biotech, particularly in the development of various types of biomolecules for commercial use and research in biological applications. Masoud serves as a board member in both medtech companies and other companies. Engaged with Prolight Diagnostics since 1999 and a founder of the company.

CEO Ulf Bladin holds a Degree of Bachelor of Science in Medical Science from Karolinska Institutet and an MSc from the Stockholm School of Economics. Ulf has previously held positions such as General Manager, Vice President for the EMEA region at Hycor Biomedical, Vice President of Commercial Operations Europe at Thermo Fisher Scientific Immuno Diagnostics Division, Vice President with global responsibility for Marketing, Health Economy, Corporate Communications, Scientific & Regulatory Affairs at Phadia. He has also held leading commercial positions in the pharmaceutical industry at Pfizer and Merck Sharp & Dohme.

CTO Steve Ross holds two degrees, one in Chemistry and one in Mathematics with Statistics, completed a PhD at Edinburgh University in Synthetic Chemistry, and conducted postdoctoral research at the University of Utah (Royal Society Fellowship), CNRS in Toulouse, France (Marie Curie Fellowship), and the University of Oxford. Co-founder of Psyros Diagnostics and has been working in in vitro diagnostics for over 15 years. The industrial career began in 2001 at PiezOptic, where he developed pyroelectric sensors for monitoring exposure to toxic gases. In 2006, he co-founded Vivacta, a startup company that utilized the same pyroelectric technology, this time for point-of-care diagnostics.

CSO Aileen McGettrick completed a PhD at the University of Oxford in Biochemistry and Genetics, followed by a postdoctoral research fellowship at

Oxford and at the Joslin Diabetes Center in Boston, USA (affiliated with Harvard Medical School), focusing on genetics of type 2 diabetes. Co-founder of Psyros Diagnostics and has 15 years of experience in developing tests for medical technology products. Formerly served as the Group Head of Assay Development, leading a multidisciplinary team at Vivacta Ltd and Novartis in patient-side testing, specializing in the detection of targeted analytes in whole blood for point-of-care diagnostics.

Board Member Tobias Volker Holds a doctoral degree in Biochemistry and an MBA from INSEAD. Over the past decades, he has made significant contributions to the development of point-of-care diagnostics for cardiovascular diseases and other medical areas. Led the international development of the Triage platform and introduced the cardiac panel and the first reimbursable BNP analysis in Europe while working at Biosite. Was responsible for the launch of Quo-Test HbA1c at Quotient Diagnostics and participated in the reverse acquisition that later became EKF Diagnostics. Further gained insights into the POC industry while working at Cholestech, Alere, and more recently at Expand Healthcare Consulting GmbH, where he provided high-level advisory services to private companies and nonprofit organizations. Serves as Chairman of the Board at Expand Healthcare Consulting GmbH and as a Board Member at Ominilabs.

COO Karl Bullen holds a Bachelor of Engineering from the University of Greenwich. Karl has a proven track record within operational leadership roles having a wide range of experience in regulated manufacturing encompassing aerospace, medical devices and pharmaceuticals. Karl previously held the position of Head of Operations for Swedish contract pharmaceutical manufacturer Recipharm and has also held manufacturing leadership roles at defense giant BAE Systems and medical science company Olympus. Karl has a strong knowledge of lean principles and operational excellence that has been used to develop high performing teams and effective processes that deliver results.

Board member Maria Holmlund holds a degree of Bachelor of Science in Chemistry and Biology from Uppsala University, and a Master of Science from the University of North Carolina. 30 years of experience in life sciences and diagnostics. Held senior positions focusing on marketing in international diagnostics companies such as Pharmacia Diagnostics, Boehringer Mannheim, Roche Scandinavia, Phadia, and Thermo Fisher Scientific. Board member of Biovica AB. CEO of Prolight Diagnostics AB between 2016-2020.

Board member Kiarash Farr is a Master of Science in Engineering Physics from Royal Institute of Technology (KTH) Stockholm and Management Acceleration Program from INSEAD, Fontainebleau France. Kiarash is currently Senior Vice President of Commercial Operations at Boule Diagnostics. Kiarash has previously been Senior Director, Commercial Operations of the EMEA region at Hycor Biomedical, Sales Director Key account management at Thermo Fisher Scientific Immuno Diagnostics Division, and Business Director Asia at IBA with various leadership positions in Germany, China and India.

Disclaimer

General disclaimer and copyright
This material is not intended to be financial advice. This material has been commissioned by the Company in question and prepared and issued by Emergers, in consideration of a fee payable by the Company. Emergers charges a standard fee for the production and broad dissemination of a detailed note following by regular update notes. Fees are paid upfront in cash without recourse. Emergers may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained herein represent those of the research analyst at Emergers at the time of publication. The company has been given the opportunity to influence factual statements before publication, but forecasts, conclusions and valuation reasoning are Emergers' own. Forward-looking information or statements contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Emergers shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained in this material.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Emergers's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in this material may not be eligible for sale in all jurisdictions or to certain categories of investors. Investors are encouraged to seek additional information as well as consult a financial advisor prior to any investment decision.

Investment in securities mentioned: Emergers has a restrictive policy relating to personal dealing and conflicts of interest. Emergers does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Emergers may have a position in any or related securities mentioned in this report, subject to Emergers' policies on personal dealing and conflicts of interest.

United Kingdom
This document is prepared and provided by Emergers for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States
Emergers relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Emergers does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Johan Widmark | Tel: +46739196641 | Mail: johan@emergers.se

Emergers
Incirrata AB
Enbacken 16
187 44 Täby
Sweden

Phone: 0739 – 19 66 41
Email: johan@emergers.se
Corp reg no: 556815-7837