Dignitana

Sector: Medtech

Positive view unchanged

Long term value clouded by short term uncertainty

Dignitana shares have like most of the market taken a serious hit during the worst period on stock market during the end of March. The share is since then up 22 % from its previous lows. The general uncertainty in the market and the risks that are present, among them the restricted access clients and the possibility of lower spending on new equipment in the short term may depress values for some time. The long-term value is there and when the uncertainty diminishes there is a clear opportunity for a comeback.

Addressing unmet needs

Dignitana has now reached phase were strong growth is possible, although with an increased uncertainty surrounding the effects of the pandemic in the short to mid-term, even though the first quarter was stronger than expected. The new single-patient-use is of course a key factor, with the attractive future recurring revenue streams from consumables kits. DigniCap addresses a high unmet medical need – chemotherapy induced hair loss has an estimated incidence of up to 65% and is ranked as one of the most severe side effects of chemotherapy treatment among patients.

Addressing the USD 700m-plus market

In our initial analysis from December 2019 we estimated DigniCap's total addressable market using a patient-based market model. We have not changed this view and with our conservative stance regarding the estimates we still base our market model on the markets we believe will be on the company's radar in the short to medium-term and offer highest potential: USA, the five major European markets (5EU), and Japan. We estimate a TAM of more than USD 700m towards the end of our forecast period (2034).

DCF model and multiple-based valuation indicate upside

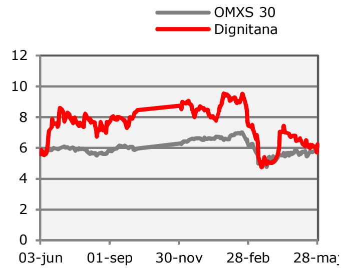
Even with cautious assumptions and revisions due lower expected sales during the second quarter and current year there is still a clear upside. We have also adjusted our sales prognosis for the coming years due a slower growth in 2021-2022 as a base. The long-term potential is still there and our 12-year DCF model indicates a Base Case fair value of SEK 11.1 per share, which is slightly up from previous reports. This still gives a potential upside of some 75% from current levels amid the pandemic turbulence.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	34	41	44	61	98	172
EBITDA	-16	-25	-36	-32	-27	-19
EBIT	-24	-36	-46	-44	-41	-34
EPS (adj.)	-0.6	-0.7	-0.9	-0.8	-0.8	-0.6
EV/Sales	-0.4	-0.3	8.9	7.3	5.2	3.2
EV/EBITDA	0.7	0.5	-10.8	-14.0	-18.6	-30.1
EV/EBIT	0.5	0.3	-8.4	-10.2	-12.3	-16.3
P/E	0.0	0.0	-7.2	-7.6	-8.1	-9.7

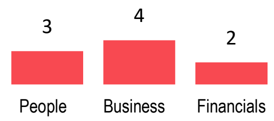
FAIR VALUE RANGE

BEAR	BASE	BULL
5.0	11.0	18.0

DIGN.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	DIGN.ST
Market	First North
Share Price (SEK)	6.2
Market Cap (MSEK)	344
Net Debt 20E (MSEK)	48
Free Float	81 %
Avg. daily volume ('000)	0

ANALYSTS

Mats Hyttinge
mats.hyttinge@redeye.se

Investment Thesis

Long term value

The Dignitana share has like most others have had a turbulent March and April, with a low point in the second half of March and a comeback to pre Covid-19 levels during the end of April and then slowly losing ground as uncertainty regarding business conditions increased. The first quarter report during last week showed some encouraging signs of a certain resilience in this period of uncertainty. The second quarter will be weaker, but this is well known in the market, it is just the magnitude that is uncertain. The fact that Dignitana continued to show strong growth in the first quarter and managed to sign a new master contract in the US which must be a strong signal for continued growth when the Covid -19 situation clears up.

Still set up for growth going forward

Although its DigniCap system has been available in Europe since 2001 and received FDA clearance in 2015. Boosted by the launch of the new Delta version and its revised business model, the company is set to grow revenues faster than investors expect although with some delay due to the current situation.

Set for leadership in USD 700m-plus market

As hair loss is consistently ranked as one of the most severe side effects of chemotherapy, Dignitana offers patients a powerful value proposition. We factor in increased competition, but still see it becoming one of the market's leading players and achieving net sales of SEK 172m in 2023. At the end of our forecast period in 2030, we assume a relatively modest market share of 15%, corresponding to sales just above of SEK 1000m.

Margin expansion slightly delayed

While we expect gross margins to fall to about 50% by the end of our forecast period, the company will enjoy a relatively high degree of operating leverage on its sales. With the new lower base from 2020 the breakthrough on margins is not until 2026, when we forecast an EBIT of SEK 44m on a margin of 9% and EPS of SEK 0.61.

Reimbursement – potential upside to our estimates

Currently scalp cooling is only reimbursed on a patient-by-patient/claim-by-claim basis. Dignitana is working to change this, but in view of the process's low visibility and the often-lengthy road to inclusion in the DRG system we assume status quo for now.

The agreement done in the first quarter with AON is good start on the road for a possible change in the market regarding reimbursement. The path forward towards this is a little bit clearer and now something that is possible in the future – if positive socio-economic impact could be documented in large-scale trials (e.g. by showing a higher follow-through rate during chemotherapy, resulting in better treatment outcomes). If this comes about, we see significant upside in our sales forecasts.

Reiterating our positive view with a base case of SEK 11 per share

Continuing to use cautious assumptions on pricing and market share, our 12-year DCF model indicates a Base Case fair value of SEK 11.1 per share, giving potential upside of some 76% from current levels. This values Dignitana at 8.2x on our 2022 revenue forecast discounted back to present value at 13%.

Business Model

Dignitana has five different revenue streams: treatment fees to patients (pay-per-treatment using leased machines), machine sales, service agreements, leasing fees, and product disposables and supplies. In the USA and Europe, it sells via its own sales organization and is focusing on establishing a pay-per-treatment business model. Revenue in other markets (DigniCap is available in the Middle East, Oceania, North America and South America) is generated from unit sales, lease agreements, service and maintenance fees, and sales of product disposables and supplies. In these markets, Dignitana relies mainly on an indirect sales model.

DigniCap Delta – improving the value proposition

DigniCap Delta is a substantial improvement on past generations of the product. The new version was developed in response to feedback from users and is a smaller, single-patient unit – factors that increase its user-friendliness significantly. The main improvements over previous versions are:

• Single-patient-use providing each patient with a flexible cooling wrap and an adjustable thermal cap. By doing so, the system optimizes the treatment outcome and minimizes clinics' storage needs.

• Smaller in size and requiring less space in the clinic. DigniCap Delta is 54% smaller than the third-generation product.

• Reduced nursing time thanks to an intuitive interface. Dignitana estimates that nursing time per patient infusion is reduced by 80% (with interaction time shortened from 70 to 12 minutes).

• More stable temperatures and by using thermo-electric cooling. Previous versions were compressor-systems, which resulted in a less stable and consistent coolant flow. The company believes this will result in better treatment results.

Based on these improvements, we believe that Dignitana has improved its value proposition significantly. We see the single-patient-use as key, allowing the company target patients directly and generate revenue from consumables kits. The single patient use also reduces the need for cleaning and, together with new interface, will make it less burdensome for clinics to integrate DigniCap into their workflows. We still believe therefore, that new product offering will be an important growth driver for the company going forward.

A high medical need for scalp cooling

Hair loss (alopecia) is a common and distressing side effect of chemotherapy treatment (referred to as chemotherapy-induced alopecia, or CIA) with an estimated incidence of up to 65% (Trüeb RM, 2010). Several studies have recognized that CIA is associated with severely impaired quality of life. When surveyed about chemotherapy side effects, patients consistently ranked hair loss as one of the most severe side effects of chemotherapy treatment.

CIA occurs because of the systemic effects of chemotherapy. Chemotherapeutic agents exert their anticancer effect by targeting rapidly growing cancer cells. Unfortunately, these drugs also affect other rapidly growing cells in the body, including in hair cells. By lowering the temperature of the scalp when administering chemotherapy, blood flow to hair follicles is reduced and metabolic processes slow down, preventing or minimizing hair loss.

Some chemotherapy treatments are more likely than others to cause alopecia, and the extent can vary depending on dosage and duration of treatment. A patient's hair may fall out entirely, slowly, or in sections. Generally, this alopecia is reversible, although the hair sometimes grows back thinner. While rare, cases of permanent alopecia have been reported as associated with high-dose regimens of some chemotherapeutic agents (such as taxanes). This is likely due to a loss of hair follicle stem cells.

Market Opportunity

We estimate DigniCap's total addressable market (TAM) using a patient-based market model. To keep our estimates conservative, we base our market model on the markets we believe will be on the company's radar in the short to medium-term and offer highest potential: USA, the five major European markets (5EU), and Japan. In support of our method, we also consider that data of acceptable quality is lacking in other markets.

Increased use of targeted therapies and biologics

Significant advances have been seen with targeted therapies and biologics in some cancers, but infused chemotherapy remains the backbone of the treatment paradigm in most indications. Moreover, most patients who receive non-systemic treatment eventually relapse and progress on to chemotherapy.

Recognizing that more than 90% of late-stage oncology assets are targeted therapies and biologics, however, and that the use of oral chemotherapy is increasing, it is possible that the number of chemotherapy infusions will decrease during our forecast period (2019-2030). While it is challenging to estimate the impact of drug candidates that could potentially achieve market approval, we acknowledge that most therapies are targeting a subset of patients with a specific genetic expression (trials with biomarkers accounted for 34% of oncology trials in 2017), which likely means that advances will be gradual.

Financial Forecasts

Building on the launch of the DigniCap Delta system, as well as increased market activities, we see a high growth potential for Dignitana in the near-term, even though the uncertainties and the lower second quarter affects negatively. Accounting for increased competition, we forecast a gradual gross margin contraction over our forecast period. We expect to see OPEX growth continue to increase in the near to medium-term, as the sales and support organization is strengthened.

Intensified commercialization in face of adversity

At present, DigniCap is used at 16 community cancer groups with more than 340 facilities in 43 locations. While the installed base has grown over several years, we recognize that a high utilization of new technology in hospitals usually is preceded by extensive training and support from the manufacturer, which may have been negatively affected to a certain extent during the second quarter. However, we believe that this will comeback during the second half of the year and help continue growth, at least towards the end of the year. We do expect to see a strong contribution to growth from the launch of DigniCap Delta over the next 12 – 18 months.

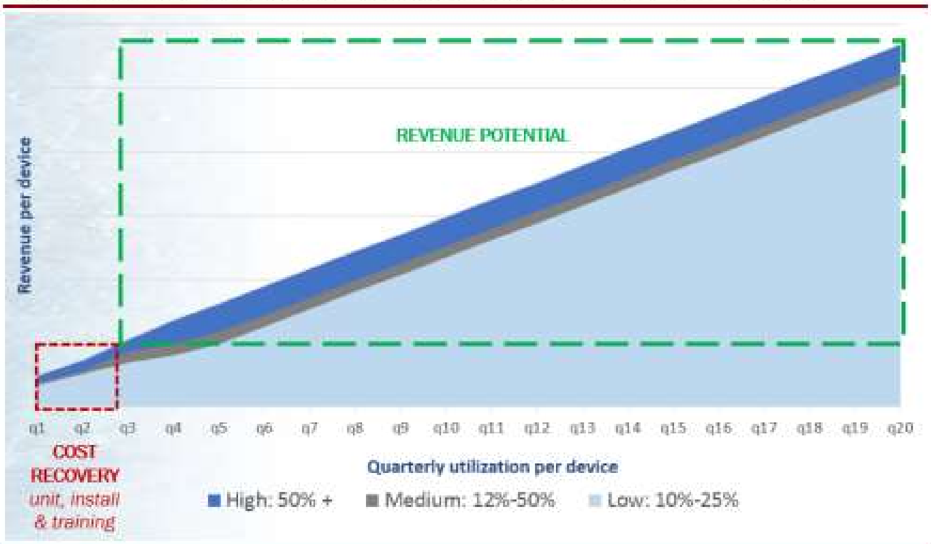
Contracted US community cancer center groups

Source: Dignitana

Our belief is that Dignitana will focus on replacing the older DigniCap versions, enabling the company to generate recurring revenues from the sale of consumables kits. Therefore, the strong growth seen in our revised forecast in the near to medium-term (we expect sales to increase from SEK 44m (59) in 2020 to SEK 172m (215) in 2023) does not rely on a rapidly increasing installed base, but rather stem, to a large degree, from increased efforts in developing existing contracts. Of course, the effects of the Covid -19 influences the second quarter sales and results where the major difference lies from our earlier forecast.

With the launch of DigniCap Delta consumables kits, we expect to see an increasing contribution from Europe (EU countries accounted for 18% of net sales in 2018). We do, however, still expect the USA to offer the highest potential, and attribute more than half of the forecasted net sales to the market at the end of our forecast period (68% in 2018).

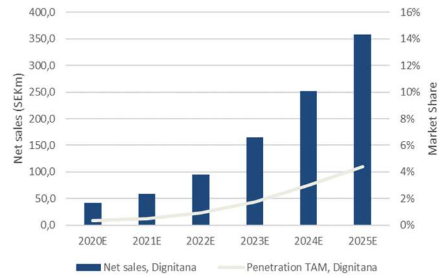
Pay-per-treatment, illustrative example of revenue potential with increased utilisation



Source: Dignitana

At the end of our forecast period, we estimate that Dignitana will reach a market share of 15% and sales just above of SEK 1000m. The estimated market penetration assumes that physicians may not recommend scalp cooling to patients who may see less benefit (e.g. patients with comedication and patients of old age) and that use will be less frequent with chemotherapies that are particularly tough for the hair cells. Further, we factor in both the possible entry of new competitors and price pressure across the whole product portfolio.

Net sales and market penetration, Dignitana



Source: Redeye Research

Current strategy will require continued investment

Accounting for the expected price erosion, we expect that gross the margin will decrease from todays about 74% (LTM) to 50% at the end of our forecast. Further, we recognize that the DigniCap has many potential end customers (Dignitana estimates that about 20,000 clinics are offering chemotherapy worldwide today).

The aggressive growth strategy modelled in our forecast is therefore assumed to require significant investment in the near to medium-term. Sustainable profitability on an annual basis is therefore not reached until 2025, which is primarily due to the weaker 2020 and possible effects of the pandemic which have lowered the sales both in 2020-21. In 2026, we expect to see an EBIT margin of 9% and an EPS of SEK 0.61. At the end of our forecast, we forecast an EBIT margin of 29%.

Income statement, Dignitana

	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	40,7	43,9	61,4	98,2	171,9	262,2	372,3	497,3
Cost of goods sold	-11,6	-14,0	-23,0	-41,7	-80,9	-131,1	-186,1	-248,7
Gross income	**29,1**	**29,8**	**38,4**	**56,5**	**91,0**	**131,1**	**186,1**	**248,7**
Other external costs	-35,0	-41,1	-46,0	-54,0	-65,3	-74,7	-82,8	-88,4
Personnel costs	-21,4	-24,6	-24,6	-29,5	-43,0	-59,0	-74,5	-88,6
Other operating expenses	-0,9	-1,4	-1,8	-2,7	-4,6	-6,6	-8,9	-11,3
Other operating income	1,8	2,1	1,8	2,4	3,3	4,0	4,6	4,9
Own work capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	**-26,3**	**-35,2**	**-32,2**	**-27,4**	**-18,6**	**-5,2**	**24,5**	**65,2**
Depreciation and amortisation	-10,3	-10,0	-12,0	-13,9	-15,7	-17,4	-19,1	-20,9
EBIT	**-36,5**	**-45,2**	**-44,2**	**-41,3**	**-34,3**	**-22,6**	**5,3**	**44,3**
Net interest	-1,4	-1,2	-1,2	-1,2	-1,3	-1,3	-1,3	-1,3
EBT	**-37,9**	**-46,4**	**-45,4**	**-42,5**	**-35,5**	**-23,9**	**4,0**	**43,0**
Taxes	-0,1	0,0	0,0	0,0	0,0	0,0	-0,9	-9,4
Net income	**-38,0**	**-46,4**	**-45,4**	**-42,5**	**-35,5**	**-23,9**	**3,2**	**33,5**
	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Sales growth	21%	8%	40%	60%	75%	53%	42%	34%
Gross margin	72%	68%	63%	58%	53%	50%	50%	50%
EBITDA margin	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	7%	13%
EBIT margin	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	1%	9%
Net margin	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	1%	7%
EPS	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	0,06	0,61

Valuation

Despite continued strong growth, the share price has fluctuated. Like for most other companies, the share took a substantial hit during the initial stages of the current crisis. The share has since then recovered somewhat and are almost at levels before the crisis really erupted. There are of course current uncertainties that is hampers a revaluation of the share, the outcome of the second quarter and the length of the pandemic, access to hospitals and other facilities may still be restricted in the fall. Even with these uncertainties, we still believe that the share is still undervalued.

We also note that upcoming quarterly reports are the only known potential share catalysts. The first quarter showed some encouraging signals, growth was better than expected, a new contract was signed, and the company indicated that they may not be as affected at previously believed. It may still take some time for investors to appreciate Dignitana's sales growth trajectory and we expect that the gap to our fair value could be closed gradually even if it is taken a bit longer then we previously estimated.

DCF

To value Dignitana, we apply a discounted cash flow (DCF) model. Our model uses a WACC (reflecting both current market rates of return as well as risk specific to the company) of 13% to discount the forecasted cash flows. To keep our valuation conservative and account for the need for additional capital in our forecasts. Assuming a terminal growth rate of 2%, our model indicates a value of about SEK 11 per share.

DCF MODEL

Scenario analysis

To give a dynamic view of the Dignitana investment case, we also value the company by taking optimistic and pessimistic stances. The resulting bull and bear cases are presented below.

Dignitana's bull case fair value is SEK 18 per share. In this scenario we assume the following:

- Net sales reach SEK 444m in 2025, corresponding to a CAGR of 49%. This high growth could reflect improved reimbursement for scalp cooling and/or less price pressure than what we have account for in our forecast.
- An EBITDA margin of 9% in 2025. This higher margin than the base case is assumed to be driven by high sales growth and strong cost control.

Dignitana's bear case fair value is SEK 5 per share. In this scenario we assume the following:

- Sales reach SEK 212m in 2025, corresponding to a CAGR of 32%. The more sluggish growth could reflect soaring competition or skepticism about using scalp cooling outside of breast cancer.
- An EBITDA margin of 5% in 2025. We assume slightly higher investment in research and development to strengthen the value proposition.

Multiple-based valuation

To further evaluate the value of Dignitana, we analyze the share against other companies in the same industry. This approach relies on the assumption that similar companies will sell at similar valuation multiples. It should, however, be noted that MedTech companies are relatively scarce in Sweden and that consensus estimates are often derived from few analysts.

For reference, we have compiled a table with Swedish high-growth companies active in medical technology and supplies. Since many of these peers are forecast to achieve high growth and margin expansion, EV/Sales gives an indication of their future cash flows. Based on analyst consensus, the peer group companies currently trade in EV/S ranges of 2.9-91.5x 2020-year estimates.

In our multiple-based approach, we apply a range of 8-10x EV/Sales to our 2022 estimates. The chosen range represents a slight discount compared to the selected peer group. On the one hand, we think a slight discount is warranted given the track company's short track record of strong growth. On the other hand, this target could ultimately prove conservative given what we see as the company's differentiated growth rate going forward.

To arrive at valuation ranges for the share, we discount the estimates at 13% (together with the net cash position). This multiples-based approach indicates a value in line with our DCF. Values derived through EV/Sales multiples indicate a value per share of SEK 11-15 per share, which is in line with our DCF model.

Valuation

Bear Case 5.0 SEK

Sales reach SEK 212 million in 2025, corresponding to a CAGR of 32%. This sluggish growth could reflect soaring competition or skepticism about using scalp cooling outside of breast cancer. An EBITDA margin of 5% in 2025. We assume slightly higher investment in research and development to strengthen the value proposition.

Base Case 11.0 SEK

Sales reach SEK 372m in 2025, corresponding to a CAGR of 36%. An EBITDA margin of 7% in 2025.

Bull Case 18.0 SEK

Net sales reach SEK 444 million in 2025, corresponding to a CAGR of 49%. This high growth could reflect improved reimbursement for scalp cooling and/or less price pressure than what we have account for in our forecast. An EBITDA margin of 9% in 2025. This rapid margin expansion is assumed to be driven by high sales growth and strong cost control.

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: No changes in this report.

People: 3

Industry experience is found among both senior executives and board members. The rating is negatively impacted by a short tenure.

Business: 4

We expect that the scalp cooling market will see price pressure and that the use of chemotherapy will decrease over time. We do, however, also recognize that the market is underdeveloped and that significant growth opportunities still remain.

Financials: 2

Dignitana is not yet profitable and is currently in a capital intensive phase. With a rights issue of SEK 42m (before transaction costs) in September 2019, we see no need to acquire additional capital in the short-term.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	34	41	44	61	98
Total operating costs	-50	-66	-80	-94	-126
EBITDA	-16	-25	-36	-32	-27
Depreciation	-5	-7	-6	-8	-9
Amortization	-3	-4	-4	-4	-5
Impairment charges	0	0	0	0	0
EBIT	-24	-36	-46	-44	-41
Share in profits	0	0	0	0	0
Net financial items	-2	-1	-1	-1	-1
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-26	-37	-48	-45	-43
Tax	0	0	0	0	0
Net earnings	-26	-37	-48	-45	-43

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
Current assets					
Cash in banks	22	19	0	0	0
Receivables	18	8	9	11	12
Inventories	6	9	14	19	26
Other current assets	0	0	0	0	0
Current assets	47	36	22	29	38
Fixed assets					
Tangible assets	15	22	29	35	41
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	19	23	26	30	34
O non-current assets	0	0	0	0	0
Total fixed assets	34	45	55	65	75
Deferred tax assets	0	0	0	0	0
Total (assets)	80	81	78	95	114
Liabilities					
Current liabilities					
Short-term debt	7	6	46	104	160
Accounts payable	15	19	22	26	31
O current liabilities	0	0	0	0	0
Current liabilities	22	24	68	130	191
Long-term debt	3	2	2	2	3
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	25	26	70	133	194
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	55	55	8	-38	-80
Minority interest (BS)	0	0	0	0	0
Minority & equity	55	55	8	-38	-80
Total liab & SE	80	81	78	95	114

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	34	41	44	61	98
Total operating costs	-50	-66	-80	-94	-126
Depreciations total	-8	-10	-10	-12	-14
EBIT	-24	-36	-46	-44	-41
Taxes on EBIT	0	0	0	0	0
NOPLAT	-24	-36	-46	-44	-41
Depreciation	8	10	10	12	14
Gross cash flow	-16	-25	-36	-32	-27
Change in WC	26	11	-2	-3	-4
Gross CAPEX	-11	-21	-20	-22	-24
Free cash flow	-1	-36	-59	-57	-55

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	68%	68%	10%	-40%	-71%
Debt/equity ratio	19%	13%	641%	-281%	-203%
Net debt	-12	-12	48	107	163
Capital employed	43	43	56	69	83
Capital turnover rate	0.4	0.5	0.6	0.6	0.9

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	47%	21%	8%	40%	60%
EPS growth (adj)	-70%	6%	28%	-5%	-6%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	13.0 %	NPV FCF (2020-2021)	-143
		NPV FCF (2022-2028)	36
		NPV FCF (2029-)	705
		Non-operating assets	19
		Interest-bearing debt	-7
		Fair value estimate MSEK	610
Assumptions 2020-2026 (%)			
Average sales growth	49.9 %	Fair value e. per share, SEK	11.1
EBIT margin	-34.0 %	Share price, SEK	6.2

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	-49%	-68%	-152%	0%	0%
ROCE	-36%	-56%	-79%	-71%	-54%
ROIC	-36%	-83%	-108%	-80%	-60%
EBITDA margin	-47%	-63%	-83%	-52%	-28%
EBIT margin	-71%	-88%	-106%	-72%	-42%
Net margin	-77%	-92%	-109%	-74%	-43%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-0.64	-0.68	-0.86	-0.82	-0.77
EPS adj	-0.64	-0.68	-0.86	-0.82	-0.77
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-0.30	-0.22	0.87	1.93	2.96
Total shares	40.55	55.06	55.16	55.16	55.16

VALUATION	2018	2019	2020E	2021E	2022E
EV	-12.0	-12.0	392.3	450.8	507.5
P/E	0.0	0.0	-7.2	-7.6	-8.1
P/E diluted	0.0	0.0	-7.2	-7.6	-8.1
P/Sales	0.0	0.0	7.8	5.6	3.5
EV/Sales	-0.4	-0.3	8.9	7.3	5.2
EV/EBITDA	0.7	0.5	-10.8	-14.0	-18.6
EV/EBIT	0.5	0.3	-8.4	-10.2	-12.3
P/BV	0.0	0.0	45.9	-9.1	-4.3

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	-3.4 %	Net sales	14.0 %
3 month	-16.1 %	Operating profit adj	39.0 %
12 month	8.0 %	EPS, just	16.1 %
Since start of the year	-27.3 %	Equity	-63.1 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Greg Dingizian	26.1 %	26.1 %
C3 Device Partners	8.7 %	8.7 %
Avanza Pension	8.3 %	8.3 %
Cbldn-Ubs Financial Services Inc	7.7 %	7.7 %
Johan Stormby	5.6 %	5.6 %
Ibkr Financial Services AG	3.0 %	3.0 %
Livförsäkringsbolaget Skandia	2.9 %	2.9 %
Amir Poursamad	2.7 %	2.7 %
Nordnet Pensionsförsäkring	2.0 %	2.0 %
Semmy Rülf	1.8 %	1.8 %

SHARE INFORMATION	
Reuters code	DIGN.ST
List	First North
Share price	6.2
Total shares, million	55.2
Market Cap, MSEK	344.2

MANAGEMENT & BOARD	
CEO	William Cronin
CFO	Mary Hatcher
IR	
Chairman	Thomas N. Kelly

FINANCIAL INFORMATION

ANALYSTS	Redeye AB
Mats Hyttinge	Mäster Samuelsgatan 42, 10tr
mats.hyttinge@redeye.se	111 57 Stockholm

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.

Redeye Equity Research team

Management

Björn Fahlén
bjorn.fahlen@redeye.se

Håkan Östling
hakan.ostling@redeye.se

Technology Team

Jonas Amnesten
jonas.amnesten@redeye.se

Henrik Alveskog
henrik.alveskog@redeye.se

Havan Hanna
havan.hanna@redeye.se

Kristoffer Lindström
kristoffer.lindstrom@redeye.se

Erika Madebrink
erika.madebrink@redeye.se

Fredrik Nilsson
fredrik.nilsson@redeye.se

Tomas Otterbeck
tomas.otterbeck@redeye.se

Eddie Palmgren
eddie.palmgren@redeye.se

Oskar Vilhelmsson
oskar.vilhelmsson@redeye.se

Viktor Westman
viktor.westman@redeye.se

Editorial

Eddie Palmgren
eddie.palmgren@redeye.se

Mark Siöstedt
mark.siostedt@redeye.se

Life Science Team

Gergana Almquist
gergana.almquist@redeye.se

Oscar Bergman
oscar.bergman@redeye.se

Anders Hedlund
anders.hedlund@redeye.se

Arvid Necander
arvid.necander@redeye.se

Erik Nordström
erik.nordstrom@redeye.se

Klas Palin
klas.palin@redeye.se

Jakob Svensson
jakob.svensson@redeye.se

Ludvig Svensson
ludvig.svensson@redeye.se

Niklas Elmhammer
niklas.elmhammer@redeye.se

Mats Hyttinge
mats.hyttinge@redeye.se

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

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Redeye Rating (2020-06-02)

Rating	People	Business	Financials
5p	14	12	4
3p - 4p	108	82	32
0p - 2p	6	34	92
Company N	128	128	128

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CONFLICT OF INTERESTS

Mats Hyttinge 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.