



ERIK PENSER BANK

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Diamyd Medical

Rights issue to be implemented

Q4 report – comments

On Wednesday, Diamyd released its year-end report for fiscal-year 2022/2023. The operating result came in at -SEK 22.9m (-39.9m), suggesting a slightly lower burn rate than we had anticipated. The company continues with its pivotal phase III study with drug candidate Diamyd, the latest key milestone being that the study is now ongoing in the US. The company offered no update on patient recruitment to the study, but we still believe it will reach full recruitment during 2024.

Coming rights issue

At the end of September, Diamyd announced a rights issue of some SEK 243m to be conducted. The subscription price will be SEK 8.5 per unit. One unit comprises one share, one warrant for the TO3 series, and one warrant for the TO4 series. Company founder Anders Essen-Möller has undertaken to subscribe to units equivalent to SEK 7m. No guarantors are involved in the issue. The subscription period is expected to start on 17 October. We refer to the company's press release for further details on the issue.

No fair value for the time being

We leave our estimates unchanged following the report. Note that we provide no fair value in this report, as we await the outcome of the coming rights issue. The final outcome of the rights issue will be announced on 1 November.

Estimate changes				Forecast (SEK m)				Valuation and risk					
	23e	24e	25e		21/22	22/23e	23/24e	24/25e	Fair value				
Total revenue	0,0%	0,0%	0,0%	Total revenue	3	3	3	3	Share price	SEK8,1			
EBIT, adj.	0,0%	0,0%	0,0%	Revenue growth	>100%	16%	0%	0%	Risk level	Hög			
EPS, adj.	0,0%	0,0%	0,0%	EBITDA, adj.	-118	-117	-147	-197	<div style="background-color: #004a99; color: white; padding: 5px; text-align: center;">12-mth share price development</div>				
Coming events				EBIT, adj.	-123	-122	-152	-202					
				EPS, adj.	-1,4	-1,4	-1,8	-2,4					
Q1 - report	24 January 2024			EPS growth	N.m.	N.m.	N.m.	N.m.					
Q2 - report	27 March 2024			BV/share	2,8	1,9	2,5	2,5					
Company details (SEKm)				Dividend per share	0,0	0,0	0,0	0,0					
				Number of shares	86m			EBIT margin			Neg.	Neg.	Neg.
Market capitalisation	691			ROE, adj.	Neg.	Neg.	Neg.	Neg.					
Net debt	-125			ROCE, adj.	Neg.	Neg.	Neg.	Neg.					
EV	566			EV/Sales	372,1x	194,5x	176,7x	176,2x					
Free float	90%			P/BV	5,2x	4,2x	3,2x	3,2x					
Daily trading volume, average	79k			Net debt / EBITDA	1,4x	0,9x	1,1x	0,8x					
Bloomberg Ticker	DMYDB SS EQUITY												
Analyst										Yes	No		
										Market maker	✓		
Ludvig Svensson												Certified adviser	✓
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Investment case

Diamyd is a late-stage biotech company. Its leading project, diabetes vaccine Diamyd, is currently undergoing a ph III study in type 1 diabetes. In a larger meta-study (patient base of 600+), Diamyd has shown a statistically significant and clinically relevant therapeutic effect (preservation of beta cell function) in a specific sub-group of newly diagnosed type 1 diabetes patients – those with the DR3-DQ2 gene. This gene is particularly common and constitutes 40–50% of all type 1 diabetes cases. It is this niche patient population that is included in the ph III study and, given potential market approval, this will be the commercial target group for the Diamyd vaccine.

While we see high risk in the project, we believe the Diamyd vaccine is a unique drug candidate that could, if launched, prove a blockbuster with annual sales exceeding USD 1bn globally.

Company profile

Diamyd Medical works with drug development, diabetes being its main focus area. Currently, Diamyd has two drug projects in clinical development: 1) diabetes vaccine Diamyd, which aims to interrupt the body's attack on its own insulin production, and 2) Remygen, a GABA-based oral medicine intended to restore the body's own insulin production.

Valuation

We do not provide any fair value in this report, as we await the outcome of the coming rights issue.

Income statement

	20/21	21/22	22/23e	23/24e	24/25e
Net sales	0	0	1	1	1
Other operating income	0	2	2	2	2
Total revenues	0	3	3	3	3
Gross profit	0	3	3	3	3
Other Operating Expenses	-86	-121	-120	-150	-200
EBITDA	-85	-118	-117	-147	-197
EBITDA, adjusted	-85	-118	-117	-147	-197
EBITA, adjusted	-85	-118	-117	-147	-197
EBIT	-86	-123	-122	-152	-202
EBIT, adjusted	-86	-123	-122	-152	-202
Net Financial Items	146	15	0	0	0
Profit before tax	60	-108	-122	-152	-202
Profit before tax, adjusted	60	-108	-122	-152	-202
Net income	60	-108	-122	-152	-202
Net income, adjusted	60	-108	-122	-152	-202
Sales Growth	-	>100%	16%	0%	0%
Gross Margin	>100%	>100%	>100%	>100%	>100%
EBIT Margin, Adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EPS, Adjusted	0,84	-1,40	-1,42	-1,77	-2,35
EPS Growth, Adjusted	-	N.m.	N.m.	N.m.	N.m.

Source: Diamyd Medical, EPB

Cash flow statement

	20/21	21/22	22/23e	23/24e	24/25e
EBIT	-86	-123	-122	-152	-202
Other Cash flow Items	1	4	4	5	5
Changes in working capital	-25	18	-1	1	1
Cash flow from operating activities	-110	-101	-118	-146	-196
Investments in Fixed Assets	-4	-35	-7	-4	-5
Other Cash flow from investments	137	-42	40	0	0
Cash Flow From Investments	133	-77	33	-4	-5
Free cash flow	23	-178	-85	-150	-201
New share issue / repurchase	57	142	70	200	200
Cash flow from financing	57	142	70	200	200
Cash flow	80	-35	-15	50	-1
Net debt	-139	-160	-107	-161	-162

Source: Diamyd Medical, EPB

Balance sheet

	20/21	21/22	22/23e	23/24e	24/25e
ASSETS					
Tangible fixed assets	6	46	48	47	48
Financial assets	33	18	18	18	18
Total fixed assets	38	64	66	65	66
Other current assets	24	13	18	18	18
Cash and cash equivalents	139	160	107	161	162
Total current assets	163	173	125	179	180
TOTAL ASSETS	201	237	192	244	246
EQUITY AND LIABILITIES					
Equity	189	214	166	217	218
Total equity	189	214	166	217	218
Other long-term liabilities	1	1	1	1	1
Total long-term liabilities	1	1	1	1	1
Accounts payable	6	10	10	10	10
Other current liabilities	6	12	15	16	17
Total current liabilities	11	21	25	26	27
TOTAL EQUITY AND LIABILITIES	201	237	192	244	246

Source: Diamyd Medical, EPB

Growth and margins

	20/21	21/22	22/23e	23/24e	24/25e
Revenue growth	-	>100%	16%	0%	0%
EBITDA growth, adjusted	-	N.m.	1%	N.m.	N.m.
EBIT growth, adjusted	-	N.m.	1%	N.m.	N.m.
EPS growth, adjusted	-	N.m.	N.m.	N.m.	N.m.
Gross margin	>100%	>100%	>100%	>100%	>100%
EBITDA margin	Neg.	Neg.	Neg.	Neg.	Neg.
EBITDA margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
Profit margin, adjusted	>100%	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, EPB

Return

	20/21	21/22	22/23e	23/24e	24/25e
ROE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
ROCE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
ROIC, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, EPB

Capital efficiency

	20/21	21/22	22/23e	23/24e	24/25e
Accounts receivable / total revenue	11%	10%	-	-	-
Total short-term liabilities / total cost	13%	18%	21%	17%	14%
Working capital / total revenue	>100%	-310%	-233%	-267%	-300%

Source: Diamyd Medical, EPB

Financial position

	20/21	21/22	22/23e	23/24e	24/25e
Net debt	-139	-160	-107	-161	-162
Equity ratio	94%	91%	87%	89%	89%
Net debt / equity	-0,7x	-0,7x	-0,6x	-0,7x	-0,7x
Net debt / EBITDA	1,6x	1,4x	0,9x	1,1x	0,8x

Source: Diamyd Medical, EPB

Per share data

	20/21	21/22	22/23e	23/24e	24/25e
EPS	0,84	-1,40	-1,42	-1,77	-2,35
EPS, adjusted	0,84	-1,40	-1,42	-1,77	-2,35
FCF per share	0,32	-2,31	-0,99	-1,74	-2,35
Dividend per share	0,00	0,00	0,00	0,00	0,00
Book value per share	2,64	2,79	1,93	2,53	2,54
Number of shares, m	71,6	76,9	85,8	85,8	85,8
Number of shares after dilution, average	71,6	76,9	85,8	85,8	85,8

Source: Diamyd Medical, EPB

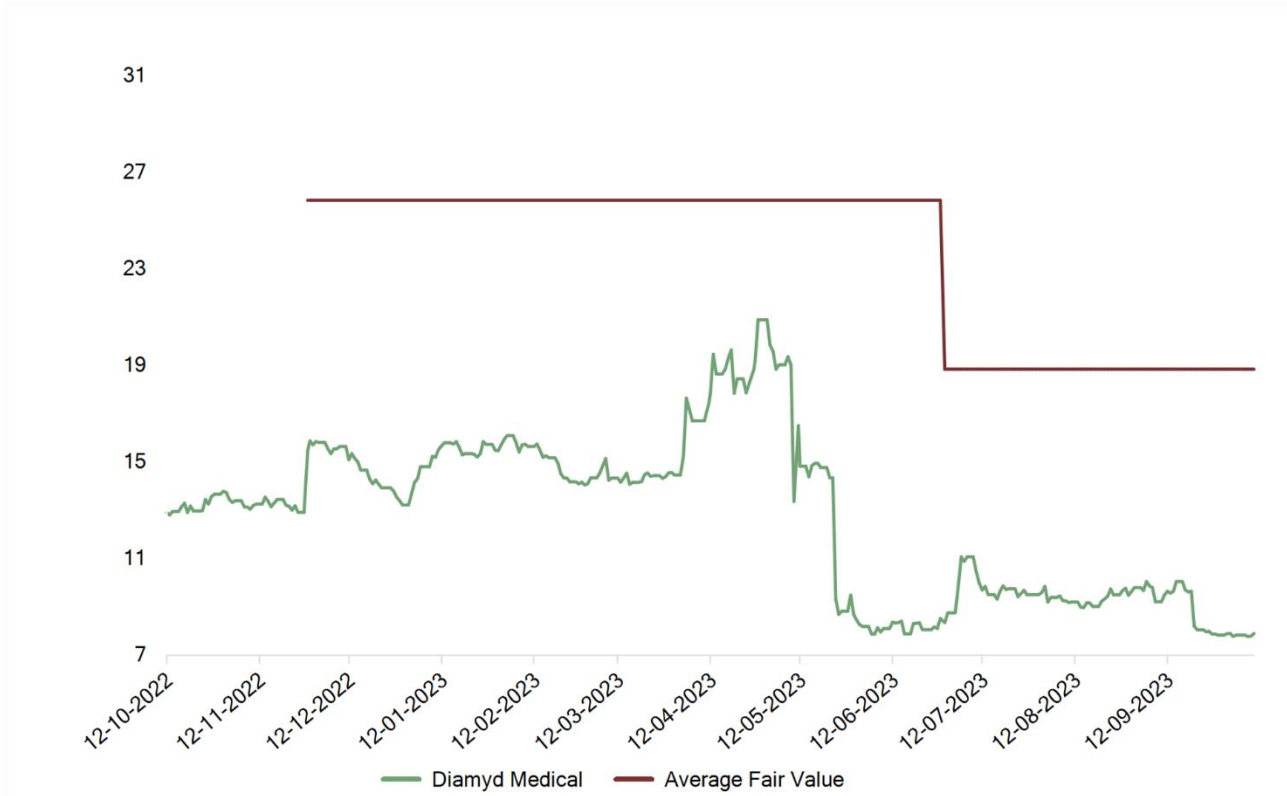
Valuation

	20/21	21/22	22/23e	23/24e	24/25e
P/E, adjusted	40,2x	Neg.	Neg.	Neg.	Neg.
P/BV	12,7x	5,2x	4,2x	3,2x	3,2x
P/FCF	105,9x	Neg.	Neg.	Neg.	Neg.
FCF-yield	1%	Neg.	Neg.	Neg.	Neg.
Dividend yield	0,0%	0,0%	0,0%	0,0%	0,0%
Payout ratio, adjusted	0,0%	0,0%	0,0%	0,0%	0,0%
EV/Sales	5 118,3x	372,1x	194,5x	176,7x	176,2x
EV/EBITDA, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EV/EBIT, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EV	2 273	962	583	530	529
Share price, year end	33,7	14,6	8,1	8,1	8,1

Source: Diamyd Medical, EPB

Share price and average fair value

Diamyd Medical (DMYDB SS EQUITY)



Source: EPB, IDC

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