Annexin Pharmaceuticals

Sector: Biotech

Annexin Pharmaceuticals: Ready to Explore the Therapeutic Potential

Redeye reviews the case in Annexin Pharmaceuticals and raises fair values significantly, following the long-awaited step into the clinic. The company has taken critical steps to explore the vast therapeutic potential with its lead candidate, ANXV. The transition into a clinical-stage biotech was not rewarded by the stock market, which surprised us, and our updated Base Case entails a significant upside from current share levels.

ANXV – Multimodal, first-in-class, and now in clinical stage

With ANXV now in the clinic, we attribute a significant part in this update to elaborate how investors should view the broad therapeutic potential with ANXV and what we see as possible paths to optimize shareholder value.

Value enhancement activities ongoing

An appetizer of what we expect from 2021 includes:

- Phase 1 results in healthy volunteers – Important to report on safety and tolerability at doses higher than the traditional use of Annexin A5 in the clinic (diagnostic applications)
- Imaging study in RVO – important as it could demonstrate target engagement at this early stage
- Regulatory clarity – In RVO, we expect further clarity on the development path after interactions with regulatory agencies
- 2021 should also bring answers on efforts in other indications, for instance, Covid-19

Enticing Stock levels

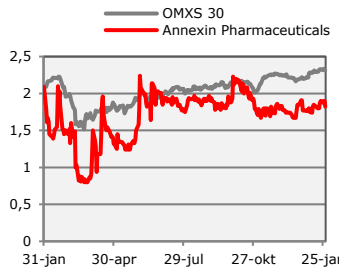
After our review of the case, we increase Base Case to SEK 4 per share (2.5). We include RVO in our valuation as it is the primary indication but also discuss why RVO in isolation is not the equity story. Our Bull- and Bear Cases are SEK 1 and SEK 10 per share, respectively, and are based on possible outcomes with ANXV in the coming years.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	0	0	0	0	0	0
EBITDA	-29	-28	-41	-39	-26	-48
EBIT	-29	-28	-41	-39	-26	-48
EPS (adj.)	-1.6	-1.6	-0.6	-0.6	-0.4	-0.7
EV/Sales	N/A	N/A	N/A	N/A	N/A	N/A
EV/EBITDA	N/A	N/A	N/A	N/A	N/A	N/A
EV/EBIT	N/A	N/A	N/A	N/A	N/A	N/A
P/E	N/A	N/A	N/A	N/A	N/A	N/A

FAIR VALUE RANGE

BEAR	BASE	BULL
1.0	**4.0**	10.0

ANNX.ST VERSUS OMXS30



REDEYE RATING

KEY STATS

Ticker	ANNX.ST
Market	First North
Share Price (SEK)	1.9
Market Cap (MSEK)	131
Net Debt 21E (MSEK)	-21
Free Float	67 %
Avg. daily volume ('000)	0.1

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About ANXV

ANXV is a biologics candidate based on recombinant human Annexin A5. This is a highly conserved, endogenous protein present in all human cells but abundant in endothelial cells and thrombocytes.

Annexin A5 binds with strong affinity to a phospholipid, phosphatidylserine (PS). PS plays a central role in apoptosis, i.e., cells that undergo stress or are dying. In the apoptosis process, PS externalizes to the outer of the cell membrane and where it essentially raises a 'red flag' that something is not right. In the apoptosis process, Annexin A5 has demonstrated unique characteristics:

- Immediate ability to repair cell rupture
- Anti-thrombotic and acts as a protective shield
- Long-term acts anti-inflammatory

Annexin A5 has been widely used in the clinic as a diagnostic biomarker. Thanks to its strong affinity for PS, researchers have better understand apoptosis at a molecular level when Annexin A5 has been attached to a radionuclide or a fluorescent dye. In the last 10-15 years, we also acknowledge an increasing appreciation for Annexin A5's therapeutic properties. In this context, the co-founders of Annexin Pharmaceuticals have had an incremental role, and is their research that Annexin Pharmaceuticals stem from.

The company develops ANXV to assess its therapeutic properties, with the hypothesis to supplement ANXV in subacute stages by acting as a missile to its disease target.

Investment Summary

Broad therapeutic potential and increased interest in the field

An investment in Annexin Pharmaceuticals is a bet on ANXV's potentially wide use as therapy; in vascular, cardiovascular, hematology, viral, and possibly oncology. As mentioned above, we see an increased body of literature highlighting its potential role as a therapeutic. Only in the last year, we acknowledge external papers in different therapy areas:

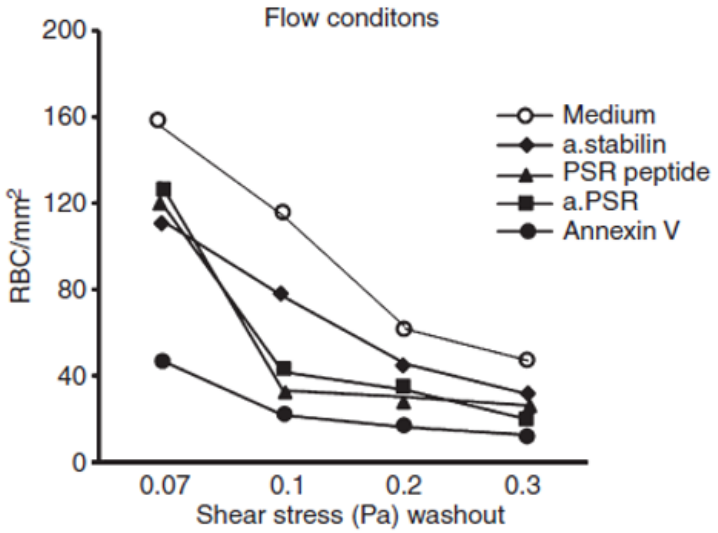
- Covid-19 – a potential role for Annexin A5 to prevent thrombosis, a condition driven by phosphatidylserine mechanisms, in severe Covid-19
- Oncology – Findings suggest Annexin A5 as a potential checkpoint inhibitor for cancer treatment
- Sickle cell disease (SCD) – A recent study points towards that phosphatidylserine plays a key role in the SCD pathophysiology and identifies Annexin A5 explicitly as a possible therapeutic

We see the Covid-19 track as a bonus program but could generate early income to the company and provide an early sign of clinical evidence.

We see the Oncology track as a vast value enhancer, but this is also something we have to follow up on.

We see the most recent publication in SCD as confirmatory to Annexin A5:s potential role and has included it in our fair values.

We also want to reemphasize the rationale in retinal vein occlusion (RVO), the company's prioritized indication. The DARC-(Detection of Apoptosing Retinal Cells) technology supports that Annexin A5 will reach its target in the eye by systemic administration (Cordeiro et al., 2011). Moreover, an *ex vivo* study with samples from RVO patients has shown that Annexin A5 can prevent the blockage (adhesion of red blood cells) that causes blindness in RVO. It would be a clear distinction to the market's Anti-VEGF therapies, which prevent new blood vessels' growth and stabilizes visual loss (It does not affect the blood clot per se).



In a controlled ex vivo study among RVO patients, Annexin A5 concluded to be the strongest adhesion blocker.
Source: Wautier et al., 2011

With the extending body of scientific literature pointing with Annexin A5, we ask ourselves:

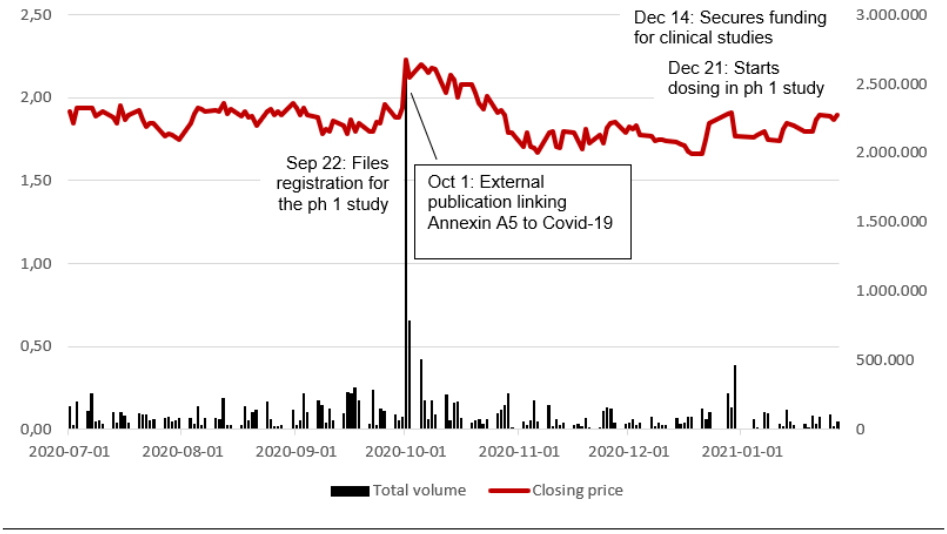
- Are we standing at the dawn of a breakthrough for Annexin A5 as a therapeutic?

If that is the case, Annexin Pharmaceuticals is uniquely positioned to harvest on this. It has a leading competence in the field and a proprietary production process in place that can manufacture recombinant human Annexin A5 on a commercial scale (patent protection to minimum 2035).

After some turmoil, ANXV is now in the clinic

At the end of 2020, Annexin Pharmaceuticals reported significant milestones when they secured financing for clinical studies and the subsequent phase 1 study initiation in healthy volunteers. The study aims to assess safety and tolerability by intravenous administration and both single- and multiple ascending doses (SAD/MAD).

The recently achieved milestones were overlooked by the market, which instead traded the stock downwards. It surprised us, and we cannot relate to current share levels. In our view, it does not accurately reflect the vast therapeutic potential with ANXV.



Source: OMX Nasdaq, Redeye Research

Where does it leave us then?

In summary, we see a proprietary biologic's asset with increasing scientific interest that could be efficacious in several therapeutic areas, which has now entered the clinical stage. After reviewing our estimates, we raise our Base Case to SEK 4 per share, offering a significant upside from current share levels.

Key Risks

Dependent on Key Personnel

This case is a bet on the science behind Annexin A5 and the management's execution abilities to create shareholder value. We have confidence in the management team but also recognize that the company is dependent on a few key personnel.

Possibly many paths to increase project value

Considering the broad potential with ANXV, the other side of the coin is that there is no clear path (and possibly many of them) to success. It will require both skillfulness and timing to bring this asset to market.

Financial Constraints

In a case where the drug candidate holds almost unlimited potential, but at the same time is in early development, the financial resources are the most considerable constraint. Investors need to factor in additional equity funding.

Financials

Annexin Pharmaceuticals will report their Q4'20 financials shortly. We expect a cash position around SEK 20 million at yearend 20/21. As we learned about in December, the company entered into a SEK 20 million convertible loan agreement with some of the major existing shareholders, to be drawn in tranches during 2021. We expect OH costs in the range of SEK 2.5-3 million per quarter and ANXV development costs at some SEK 20 million incurred in the current year.

In the coming years, we expect Annexin Pharmaceuticals to continue to operate as a semi-virtual organization that uses consultants and external expertise, together with a core in-house team. As a biotech company, it is development activities that drive costs. If we follow our hypothetical development path for ANXV in RVO (see NPV figure in the Valuation section), the company initiates a smaller proof-of-concept study before it moves into a phase 2/3 program. Therefore, we pencil in a second rise in development costs first in 2023. We also emphasize that costs from 2023 are risk-adjusted.

ANNEXIN PHARMACEUTICALS: P&L FORECAST				
(SEKm)	**2020E**	**2021E**	**2022E**	**2023E**
Income	0	0	0	0
Operating expenses				
OH Costs	-11	-12	-13	-13
Research & Development costs	-30	-27	-13	-35
Total operating costs	**-41**	**-39**	**-26**	**-48**
EBIT	**-41**	**-39**	**-26**	**-48**
EPS	-0.5	-0.6	-0.4	-0.7
Cash at Year-end	**21**	**3**	-	-

Source: Redeye Research

Valuation

Key Parameters

- Tax rate of 20.6%, with carry forward loss taken into consideration (Tax subject from 2031)
- WACC of 14%
- USD/SEK 9.2 (12-month average rate)
- Per share valuation based on 70.7 mn outstanding shares

Scenario Analysis

We have given quite some thought to how and what we should value and how investors should view the case in Annexin Pharmaceuticals. It is dependent on factors such as:

- What type of company could Annexin Pharmaceuticals become?
- What is a realistic scenario to base our valuation on?
- What is the best path to maximize shareholder value?

In our view, the primary goal should be to build a biopharmaceutical company with key expertise in research and development. Naturally, with the intent to maintain as much of the project value in-house. In concrete terms, it means that:

- Even though this case holds potential outside therapeutics, such as in diagnostics or as a contract development and manufacturing organization (CDMO), we do not factor in any other opportunities outside therapeutics
- We have included indications where we see a clinical rationale, is in line with corporate communications, and where the company, to a lesser extent, is partner-dependent.

Base Case

RVO

RVO is included in our Base Case as it is explicitly the prioritized indication for Annexin Pharmaceuticals. There are a couple of reasons why it makes sense to target this indication:

- We see a mechanistic rationale to develop ANXV in RVO, as described in the 'Investment Summary' section
- It is not an outsized indication for a biotech company the size of Annexin Pharmaceuticals

Regarding the second bullet, we consequently model a scenario where Annexin Pharmaceuticals develop on its own up to market registration and then enter into a distribution agreement with a global marketing company. We reject the notion that Annexin Pharmaceuticals will build an internal sales force. By this assumption, we don't assume a licensing agreement other than in Japan. Licensing deals per indication is not a realistic scenario, but whereas geographic exclusivity is. A licensee in Japan should want to have a strategic interest in ANXV and pursue other indications. It should also be a well-reputable partner with an established sales force in the region.

Some key assumptions that we want to highlight in our rNPV model are:

- Peak sales on distribution markets derived from
  - Some 600k in annual incidence of RVO in Europe and the US (and where we assume half of those to be eligible for subacute treatment)
  - 35% market penetration in the US, 30% in Europe
  - A price per subacute episode of some USD 10,000 in the US and half that in Europe
- Market launch in 2028 (the development path is not fully known at present, though)
- Development costs are risk-adjusted to the respective stage
- Probability at 12%
- Partner agreement in Japan after proof-of-concept in phase 2 (2024):
  - Upfront payment of USD 10 million
  - Development and sales-related milestones of up to USD 100 million
  - Low-teen royalties on sales
  - Market launch in 2029 (Japan)

RVO

($m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
	Phase I	PoC	Phase 2/3				NDA								
Distribution Sales (Europe and US)															
Sales								61	156	286	448	579	680	747	808
Distribution margin %								40%	40%	40%	40%	40%	40%	40%	40%
Distribution profit								24	62	115	179	232	272	299	323
Probability								12%	12%	12%	12%	12%	12%	12%	12%
Risk-adjusted profit								**3**	**7**	**14**	**22**	**28**	**33**	**36**	**39**
In SEK								27	69	126	198	256	300	330	357
Partner Sales (Japan)															
Sales									25	36	47	61	86	97	108
Royalty rate									14%	14%	14%	14%	14%	14%	14%
Royalty									4	5	7	9	12	14	15
Probability									12%	12%	12%	12%	12%	12%	12%
Risk-adjusted royalty									**0**	**1**	**1**	**1**	**1**	**2**	**2**
In SEK									4	6	7	9	13	15	17
Milestones					10	10		10	15		15		20		20
Probability					12%	12%		12%	12%		12%		12%		12%
Risk-adjusted milestones					**1**	**1**		**1**	**2**		**2**		**2**		**2**
In SEK					11	11		11	17		17		22		22
Development Costs*	**-2**	**-1**	**-3**	**-3**	**-3**	**-3**	**-1**								
In SEK	-18	-10	-32	-32	-30	-25	-9								
Risk-adjusted value	**-2**	**-1**	**-3**	**-3**	**-2**	**-2**	**-1**	**4**	**10**	**14**	**24**	**29**	**36**	**37**	**43**
Tax	0	0	0	0	0	0	0	0	0	0	-5	-6	-8	-8	-9
Risk-adjusted value, post tax	**-2**	**-1**	**-3**	**-3**	**-2**	**-2**	**-1**	**4**	**10**	**14**	**19**	**23**	**29**	**30**	**34**
Discount factor	0,9	0,8	0,7	0,6	0,5	0,5	0,4	0,4	0,3	0,3	0,2	0,2	0,2	0,2	0,1
Risk adj net present value (rNPV)	**-1,7**	**-0,9**	**-2,4**	**-2,1**	**-1,1**	**-0,7**	**-0,4**	**1,5**	**3,0**	**3,9**	**4,6**	**4,8**	**5,3**	**4,8**	**4,8**

* Risk-adjusted from 2022
Source: Redeye Research

Proprietary production process Annexin A5

We want to emphasize that RVO in isolation is not the case in Annexin Pharmaceuticals; it is part of it. As mentioned above, it is size-wise an indication that fits the company well. It is also an important indication because this where the first clinical evidence could get presented, thus possibly unlocking a multi-indication potential. We emphasize that investors should buy into the equity story due to the broad therapeutic potential with ANXV, as outlined in our Investment Summary. It is also why we aim to have a valuation that more accurately reflect this. On the other hand, we want to see the first clinical evidence before we feel entitled to include more indications in our Base Case.

Based on this balanced view, we incorporate the amount invested in the production process setup of ANXV. This is a rather primitive method, but it is the best we have to appreciate its potential wide clinical use at present.

To the best of our knowledge, Annexin Pharmaceuticals is the only organization that can produce Annexin A5 on a commercial scale and according to GMP standards. In the last five years, the company has raised close to SEK 200 million in cumulated capital. We assume that at least a quarter of that has been used for the setup of the production process, the first batches, and ongoing modifications. Our ball-park figure for the setup of a biologic drug production process is at approximately SEK 50 million. Combined with its know-how, we value the proprietary production process of ANXV to some SEK 70 million, corresponding to approximately SEK 1 per share.

Base Case Summary

	SEK Per share
RVO	3,4
Production process ANXV	1,0
Shared costs	-0,8
Cash	0,3
Total	**4,0**

Source: Redeye Research

Bull Case

We base our optimistic scenario on a positive outcome with ANXV in the next couple of years:

- Annexin Pharmaceuticals reports progress in RVO with encouraging results in the imaging study, good safety in the phase 1 study, and a smaller proof-of-concept trial. We adjust the probability rate to 20%
- Boosted by progress in RVO, Annexin Pharmaceuticals initiates activities in a second indication; SCD (see Appendix)

Our up-revision in RVO and the inclusion of SCD contributes with SEK 3 per share each from our Base Case.

Our Bull Case amounts to SEK 10 per share.

Bear Case

We base our pessimistic scenario on an outcome with ANXV that gives few answers regarding the therapeutic use and an unclear development. We factor in delays and a bear sentiment in the stock in such an outcome.

Our Bear Case amounts to SEK 1 per share

Summary

Our fair values, in our view, are realistic and where our main and optimistic scenario assumes partnering based on geographical exclusivity rather than for a specific indication. However, investors need to factor in additional equity funding over the years, in all scenarios.

	Bear	Base	Bull
SEK per share	1,0	4,0	10,0
Potential/Risk*	-46%	117%	442%

* Based on closing price 29 Jan : SEK 1.8 per share

Other 'scenarios outside our scenarios'

- The fact that Annexin A5 could potentially work in Covid-19 is enticing. We read some papers on the topic, and we follow the logic of why it could make sense. Covid-19 entices us as it could generate revenues for the company in the near-term. However, it would likely require some emergency use authorizations for ANXV, and several other pieces must fall into place to make it happen
- Oncology: A true value-enhancer (might even call it a game-changer) if ANXV could, for instance, act as a checkpoint inhibitor in cancer treatment. It also leads us to our last bullet in this section
- Partner/M&A: This is another few years down the road. However, suppose ANXV demonstrates the first clinical evidence and starting to unlock its broad potential. In that case, it could gain traction among big pharma in applying a multi-indication strategy. Noteworthy is that we don't see any significant difference between a global licensing agreement and an acquisition.

Catalysts

Phase 1-results with ANXV

We expect results from the ongoing phase 1-study in healthy volunteers in mid-2021.

IMPACT				
Downside		Upside		Time Frame
Significance	Likelihood	Significance	Likelihood	
Major	Unlikely	Moderate	Possible	Short

Results from the Imaging study

In parallel with the phase 1-study, Annexin Pharmaceuticals conducts an imaging study in patients with RVO. The primary aim is to demonstrate target engagement. The study has the potential to increase both the value and the clinical rationale in ANXV-RVO. We expect results from this study in mid-2021.

IMPACT				
Downside		Upside		Time Frame
Significance	Likelihood	Significance	Likelihood	
Moderate	Possible	Moderate	Possible	Short

Clarity around development path in RVO

We expect further clarity around the development path in RVO after interactions with regulatory agencies in the US and Europe.

IMPACT				
Downside		Upside		Time Frame
Significance	Likelihood	Significance	Likelihood	
Major	Unlikely	Moderate	Possible	Mid

Progress in other indications

In 2021, we expect to learn about initiatives besides RVO, for instance, in Covid-19.

IMPACT				
Downside		Upside		Time Frame
Significance	Likelihood	Significance	Likelihood	
Moderate	Unlikely	Moderate	Possible	Mid

Appendix – Sickle Cell Disease

Disease Background

Sickle Cell Disease (SCD) is a group of genetic diseases characterized by abnormal hemoglobin, called hemoglobin S (HbS). In patients with SCD, the hemoglobin molecules tend to polymerize with the red blood cells and form an abnormal 'sickle' shape. When those block blood vessels, it can lead to a severe event called Vaso Occlusive Crisis (VOC). It is an acute and painful episode where VOCs can be severe enough to require hospital admission. VOCs occur in almost all SCD patients at some point in their lives. They can last from hours to days. Some patients have one episode every few years, while others have many episodes per year (Biomedtracker).

According to Datamonitor, there were 3.3 million sickle cell anemia cases, the most common and a severe form of SCD. The prevalence varies significantly by region and ethnicity. Africa is estimated to account for 85% of the worldwide cases. The prevalence in Europe and the US is estimated to 50,000 and 100,000, respectively. In the US, sickle cell anemia is the most common single-gene disorder among African-Americans. Another characteristic in the US and the Europe region is that screening of newborns is more common, facilitating treatment interventions at an earlier stage.

The available treatments are primarily directed towards the management of the disease, such as relieving pain or preventing infection. The only cure is bone marrow or stem cell transplantation, but it is limited by the lack of a matching donor. There is one disease-modifying agent approved, hydroxurea, which increases fetal hemoglobin. According to Datamonitor, hydroxurea reduces the rate of painful crisis and hospitalization by 50% and decreases mortality by 40%.

In the pipeline, most expectations are probably in gene therapy candidates. A couple of the gene therapy candidates worth mentioning are CTX001 (CRISPR Therapeutics AG) in phase 2 development and the hemoglobin boosting candidate, Lentiglobin (Bluebird Bio), in phase 3. Regarding the latter, Bluebird Bio encountered a one-year pushback at the regulatory stage due to CMC (Chemical Manufacturing and Control) issues at the end of 2020.

There is at least one recombinant protein in the clinical stage in SCD, TAK-755. It has a different target than ANXV. It is in phase 2 development, and top-line results could get presented later in the current year.

Annexin A5 as a Potential Treatment in SCD

A recent publication by Garnier et al. 2020 showed a relationship between microparticles expressing phosphatidylserine and SCD etiology. Garnier et al. (2020) used in vivo-generated microparticles from SCD patients and compared them with microparticles from healthy individuals. They provided evidence that rising microparticle levels increase neutrophil adhesion. An older publication by van Tits et al. (2009) concluded that Annexin A5 and phosphatidylserine levels are elevated in these patients and increase further during the painful crisis.

ANXV

If the coming years are successful, and Annexin Pharmaceuticals enjoys momentum in its development, the company will likely initiate clinical activities beyond RVO. SCD could be a relevant indication to pursue. As with RVO, it is not an outsized indication for a company the

size of Annexin Pharmaceuticals. We believe a phase 2a study could get started in 2023 at the earliest. It might be that a smaller 'target engagement'/biomarker study precedes clinical initiation in SCD, as is the case in RVO. In general, we are attracted by the idea that Annexin Pharmaceuticals can conduct studies such as the ongoing imaging study in RVO. It could provide essential answers early in the development. We attribute it to the conventional use with Annexin A5 in diagnostic applications.

Annexin Pharmaceuticals do not hold any patents related to SCD at present. However, as ANXV could be granted with orphan drug designation, it comes with a seven-year market exclusivity in the US and ten years of market exclusivity in Europe.

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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

People: 3

The People rating could well increase during 2021 if we see consistency (on the CEO seat) and execution abilities by the current management team.

Business: 2

Annexin Pharmaceuticals addresses indications with unmet medical needs. But the business is in the early development stage and is far from obtaining any product revenues.

Financials: 1

Annexin Pharmaceuticals have strong and long-term owners that have been able to back the company. However, there is a need to extend the runway and strengthen its financials as the company moves into more expensive development stages.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	0	0	0	0	0
Total operating costs	-29	-28	-41	-39	-26
EBITDA	-29	-28	-41	-39	-26
Depreciation	0	0	0	0	0
Amortization	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	-29	-28	-41	-39	-26
Share in profits	0	0	0	0	0
Net financial items	0	0	0	-3	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-29	-28	-41	-42	-26
Tax	0	0	0	0	0
Net earnings	-29	-28	-41	-42	-26

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
Current assets					
Cash in banks	30	4	21	3	0
Receivables	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	13	9	4	2	1
Current assets	43	14	26	5	1
Fixed assets					
Tangible assets	2	2	2	1	1
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	1	1	1	1	1
O non-current assets	0	0	0	0	0
Total fixed assets	3	2	2	1	1
Deferred tax assets	0	0	0	0	0
Total (assets)	46	16	28	7	3
Liabilities					
Current liabilities					
Short-term debt	0	0	0	0	19
Accounts payable	0	0	0	0	0
O current liabilities	0	0	0	0	0
Current liabilities	0	0	0	0	19
Long-term debt	0	0	0	0	0
O long-term liabilities	6	4	4	5	5
Convertibles	0	0	0	0	0
Total Liabilities	6	5	4	5	24
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	40	11	24	-18	-21
Minority interest (BS)	0	0	0	0	0
Minority & equity	40	11	24	-18	-21
Total liab & SE	46	16	28	7	3

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	0	0	0	0	0
Total operating costs	-29	-28	-41	-39	-26
Depreciations total	0	0	0	0	0
EBIT	-29	-28	-41	-39	-26
Taxes on EBIT	0	0	0	0	0
NOPLAT	-29	-28	-41	-39	-26
Depreciation	0	0	0	0	0
Gross cash flow	-29	-28	-41	-39	-26
Change in WC	0	4	5	2	1
Gross CAPEX	0	0	0	1	0
Free cash flow	-28	-24	-36	-36	-25

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	87%	72%	85%	-272%	-760%
Debt/equity ratio	1%	2%	0%	-109%	-89%
Net debt	-30	-4	-21	17	19
Capital employed	10	7	3	-21	-2
Capital turnover rate	0.0	0.0	0.0	0.0	0.0

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	N/A	N/A	N/A	N/A	N/A
EPS growth (adj)	-69%	-2%	-64%	3%	-39%

DCF VALUATION	
WACC (%)	14.0 %

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	N/A	N/A	N/A	N/A	N/A
ROCE	N/A	N/A	N/A	N/A	N/A
ROIC	N/A	N/A	N/A	N/A	N/A
EBITDA margin					
EBIT margin					
Net margin					

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-1.63	-1.60	-0.58	-0.60	-0.37
EPS adj	-1.63	-1.60	-0.58	-0.60	-0.37
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-1.68	-0.23	-0.30	0.24	0.27
Total shares	17.70	17.70	70.74	70.74	70.74

VALUATION	2018	2019	2020E	2021E	2022E
EV	-29.7	-4.0	109.7	148.0	149.7
P/E					
P/E diluted					
P/Sales					
EV/Sales					
EV/EBITDA					
EV/EBIT					
P/BV					

SHARE PERFORMANCE	
1 month	4.5 %
3 month	3.4 %
12 month	-11.5 %
Since start of the year	4.5 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Mikael Lönn	23.0 %	23.0 %
Arne Andersson	10.4 %	10.4 %
Öhman Bank S.A.	5.2 %	5.2 %
SIX SIS AG	4.8 %	4.8 %
Lars Hallén	3.7 %	3.7 %
Jane Hallén	3.7 %	3.7 %
Johan & Anna Frostegård	2.7 %	2.7 %
SEB Life International	2.6 %	2.6 %
Avanza Pension	2.5 %	2.5 %
Fabriken i Sparreholm AB	2.1 %	2.1 %

SHARE INFORMATION	
Reuters code	ANNX.ST
List	First North
Share price	1.9
Total shares, million	70.7
Market Cap, MSEK	130.9

MANAGEMENT & BOARD	
CEO	Anders Haegerstrand
CFO	Henrik Palm
IR	
Chairman	Carl-Fredrik Lindner

FINANCIAL INFORMATION	
FY 2020 Results	February 04, 2021

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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.

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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 the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.
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Recommendation structure
Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Redeye Rating (2021-01-31)

Rating	People	Business	Financials
5p	23	18	3
3p - 4p	107	87	40
0p - 2p	5	30	92
Company N	135	135	135

Duplication and distribution

CONFLICT OF INTERESTS

Anders Hedlund owns shares in the company : No
Fredrik Thor 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.