

## Equity Research | PROLIGHT: Important milestone amidst mixed news flow

There has been a somewhat mixed news flow from Prolight after the close of Q1'24. The finalization of the cartridge design to be used on the commercial platform marks an important step in product development and opens up for assay performance evaluation. Prolight has also announced a positive SEK 5.6m revision to the FY'23 result stemming from understated claim on the UK tax authority regarding R&D. Additionally, the SEK 113m write down the capitalized development costs regarding troponin testing on the analogue POC system MicroFlex, is of course noteworthy but has no impact on cash flow and means no real changes to the case we're seeing in the company's digital POC system Psyros. All in all, with proof-of-performance for its proprietary digital technique for detection of high-sensitive biomarkers even in whole blood, we now expect the company to continue its progress with prototype development and IVDR certification towards launch in 2026. This in turn should catalyze a revaluation that better reflects the long term prospects we're seeing, where we continue to find support for a fair value of SEK 1.1 – 1.2 per share.

### SEK 113m write down not affecting the case we're seeing

Earlier in April, Prolight announced that it had decided to write down the capitalized development costs regarding troponin testing on the analogue POC system MicroFlex with SEK 113 million. While the impairment impacts the result for 2023 it has no effect on the cash balance. The impairment is motivated by the fact that testing single biomarker troponin on the MicroFlexPOC system is no longer believed to be successful as Prolight's digital POC system Psyros™ has demonstrated superior performance. As for the commercialization agreement with The Technology Partnership plc (TTP) signed in 2022, this will not be affected as it covers several other biomarkers with big market potential. The write down and its effect on reported numbers will be published in the annual report on April 30, 2024.

### Finalization of the cartridge design an important milestone

Besides the upwards adjustment of 2023 result stemming from the understated claim on the UK tax authority, the most noteworthy news item is the finalization of the cartridge design to be used on the commercial platform. With that, the process of design transfer to Prolight's contract manufacturing partner Flex Medical Solutions can begin, and the pilot manufacturing processes can now be ready for internal validation by the end of 2024, ahead of the clinical validation during 2025. Prolight's cartridge has a number of key competitive features including: Simple low part count design, a design for large scale manufacturing ensuring a competitive low cost. It contains all the reagents required to complete the test with dried cartridge chemistry to avoid the complexity and cost of expensive liquid reagents/blister packs. It is also compatible with venous and capillary blood (fingerstick), and plasma samples, and has multiplex capability for multiple analytes on a single cartridge.



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## Significant long term potential

Prolight has developed a single molecule counting (digital) immuno analysis device that enables detection of biomarkers at extremely low concentrations, using a single drop of blood. Following the proof-of-performance announced in mid-June, followed by whole blood in November 2023, Prolight now focuses on the development of the commercial instrument prototype for digital immune analysis and the preparations for the IVDR certification, with commercialization of the troponin test expected in 2026. Adding the potential for BNP and D-Dimer POC-tests, this translates to a NPV of SEK 680m, supporting a fair value of SEK 1.1-1.2 per share, factoring in additional new equity of a total of around SEK 100m.

Read the full report here: [https://www.emergers.se/prolight\\_c/](https://www.emergers.se/prolight_c/)

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