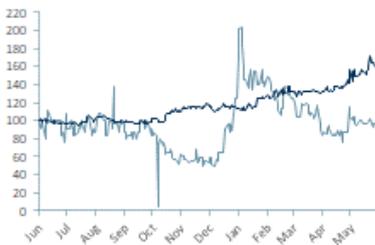


# INSIGHT NOTE

## Value Range

USD 9.62-10.63



IMEXF (lighter line) vs. OTC market price relative

### Wednesday, 23 June 2021

Intrinsic Price (\$)	10.12
Value Range Low (\$)	9.62
Value Range High (\$)	10.63
Implied MCAP \$(m)	90.77
Implied EV \$(m)	94.04
OTC	IMEXF
Financial YE	30-Sep
Currency	CAD

#### Business Activity

Endoscopic Devices

#### Key Metrics

Close Price (USD)	0.42
MCAP \$(m)	\$3.8
Net Debt (Cash) (\$m)	\$2.7
EV (m)	\$6.5
52 Wk Hi	1.17
52 Wk Lo	0.02

#### Key Ratios

(Net Cash) /	72.28%
Shareholder Equity %	
FX Rate USD/GBP	0.78

#### Healthcare Sector

#### OTC Market Index

#### Analyst Team

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healthcare@acfequityresearch.com

## Imagin Medical Indicative Valuation

ACF Indicative Valuations use top down models

Imagin Medical Inc. (OTCQB:IMEXF, CSE:IME) is a Vancouver, Canada based early stage cancer imaging company focused on developing new tools that can visualise cancer during minimally invasive procedures. The Company's single product, i/Blue Imaging System, is a bladder cancer medical imaging device. Its white and blue light sensors detect cancer more accurately and efficiently than white light alone. i/Blue is currently undergoing FDA approval. As such IMEXF is nil revenue. Highly conservative ACF "Indicative Valuation" assumptions include 39% US bladder cancer imaging market share only, WACC 18%, Long-run FCF margin 11%, FCF Terminal value 20x.

- Convertible Loan Note tranche closed for US\$ 750k 4Q20A;
- IMEXF is non-revenue generating;
- IMEXF has a single device - bladder cancer imaging technology;
- i/Blue Imaging is pending FDA approval;
- We value IMEXF device bladder cancer potential only.

ACF est. \$(m)	Revenue	EBITDA	FCF	EPS	CPS
2026E	168	86	18	6.15	2.06
2027E	170	87	19	6.21	2.08

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2026E	0.55x	1.08x	4.99x	1.65x	4.91x
2027E	0.54x	1.07x	4.94x	1.63x	4.86x

## Investment Case

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	8.97	8.97
Implied Intrinsic Price	10.12	10.12
Value Range Low	9.62	9.62
Value Range High	10.63	10.63
AIM	IMEXF	
Financial YE	30-Sep	
Reporting Currency	CAD	
<hr/>		
NoSh (m)		8.97
NoSh (m) expected dilution (Exp D)		8.97
NoSh (m) full dilution (FD)		8.97
<hr/>		
Key Metrics	\$	adj.
MCAP (m)	3.8	3.8
Net Debt (Cash) (m)	2.73	2.73
EV (m)	6.5	6.5
52 Wk Hi	1.17	1.17
52 Wk Lo	0.02	0.02
Free Float	66%	66%
<hr/>		
*Key Metrics FCF adj.	2026E	2027E
CPS (\$)	2.06	2.08
CPS (Exp D) (\$)	0.97	0.98
CPS (FD) (\$)	0.97	0.98
<hr/>		
P/CPS	4.9x	4.9x
P/CPS (Exp D)	10.4x	10.3x
P/CPS (FD)	10.4x	10.3x

**An early-stage medical device company** – Imagin Medical Inc. is a surgical imaging company targeting the bladder cancer market. The Company has one proprietary product, i/Blue Imaging System, that is undergoing FDA approval. Imagin’s previous business activity involved the acquisition and exploration of resource properties as a mining company, but after acquiring BSS Life Sciences (BSS) in 2016 – a private Canadian company holding intellectual property rights to a proprietary imaging technology specifically for visualising cancer - the Company underwent a restructuring. It changed its name to Imagin Medical Inc. and redirected its operations towards the research and development in the medical device technology industry.

**Product pipeline** - Imagin’s flagship proprietary product, i/Blue Imaging System, is under development to enhance the visualisation of cancerous cells (first in bladder cancer), which will allow for more accurate resection of tumours and improved ‘quality of life’. The i/Blue System utilizes the optic and light sensor technology to combine white and blue light cystoscopy with fluorescing contrast agents. This simultaneously displays white and blue light images on the surgical monitor, side-by-side and in real-time, reducing risk and improving survival probabilities.

Given the inherent constraints in using the traditional white light and blue light cystoscopy separately to visualize cancerous cells in the bladder, the i/Blue System device is designed to combine both methods eliminating surgical switch back and forth between images. This key feature of the i/Blue System is set to make bladder cancer detection, and the removal of tumours, more accurate and less expensive.

**i/Blue Imaging System** has 2 core components:

**The i/Blue Control Unit:** contains a high-intensity light source, camera controller and power supply modules that allow simultaneous displays of white and blue light in the interior of the bladder.

**Dual Camera Handpiece:** includes optical filters that can split the image into white and blue light channels, allowing simultaneous display of corresponding images on the surgical monitor.

## Catalysts

FDA approval; Product Development; Prototype; Closing of further Convertible Loan Tranches (quasi Equity).

## Operational Strategy

Imagin Medical does not yet have a product in the market and therefore, has historically been cash flow negative. The Company's i/Blue Imaging System is currently under FDA approval. As a result, no human clinical trials have occurred.

In order to account for the Coronavirus restrictions and pending FDA approval, Imagin announced that it will begin testing the i/Blue Imaging System using anatomical bladder models. The models will be sufficient to test the simultaneous display of white and blue light imaging.

In addition, Imagin has strategically selected an FDA registered and an ISO (International Organization for Standardization) certified contract manufacturer that will assist the Company in meeting FDA expectations for class III medical devices (implantable devices used to sustain or support life, classified as 'high risk').

As well as developing its device through to commercialization, the Company plans to add complementary products to boost its product portfolio. Once approved, Imagin is considering marketing the product for other types of cancers - not just bladder. We exclude any other cancer market potential from this indicative valuation.

Imagin Medical is also supporting its FDA approval and R&D efforts through raises, most recently in the form of US\$ 3m of Convertible "Loan" Notes (CLN) offerings to be closed in tranches and share consolidation. In 4Q20A, Imagin confirmed it had closed a US\$750k tranche of its CLN at a 10% coupon rate and warrant sweeteners.

## Management Team

➤ **Chief Executive Officer, E. James Hutchens.**



James has over 30 years of experience in general and marketing management in the medical technology industry. Prior to joining IMEXF, James was the co-founder and CEO of Microsage Inc. and Choice Therapeutics. He holds a B.S. in Business Administration from Boston University.

➤ **Chief Financial Officer, John Vacha.**



John has over 20 years of experience in the healthcare industry. He previously held varying positions at Intact Medical Corp., Deloitte & Touche, LLP. John is a licensed CPA in Massachusetts, holds a MBA and an MS in Accounting from Northeastern University in Boston, Massachusetts.

## Device Innovation

### Current approach White Light Cystoscopy (WLC)

Imagin Medical is planning to deliver an innovation to tumour identification designed to reduce human error, improve 'quality of life' (QUOLS) and improve diagnostic versatility. Imagin's device is aimed initially at the bladder cancer market but has wider cancer diagnostic applications. Current peer technology landscape:

**WLC** - Conventional White Light Cystoscopy, developed c. 1960s, is widely used today. A small camera is attached to the end of the cystoscope entering the patient. The device is inserted into the urethra to the bladder projecting an image onto a surgical monitor.

While WLC protruding tumour detection is effective, it is unreliable for flat tumours lying against the bladder wall. This increases the risk of leaving cancer cells behind after surgery— increasing reoccurrences (~>50%).

**BLC** - Blue Light Cystoscopy, developed in 2010, addresses WLC shortfalls. BLC uses a blue-filtered white light. A contrast agent (Cysview) is administered to the bladder and absorbed by cancer cells, which then fluoresce when exposed to blue light emitted from the BLC camera.

While BLC is effective in capturing images of all the cancer cells, medical professionals still need the use of WLC to gain better orientation of the bladder location.

WLC and BLC do not allow projection of multiple images - surgeons must switch between white/blue images, relying on memory, when resecting (cutting out) cancers.

### Imagin's i/Blue innovation

**i/Blue** - Imagin Medical's **i/Blue Imaging System** allows medical practitioners to view white and blue light images on the same monitor. The device is external and can be attached to most existing endoscopes. The system is composed of two components:

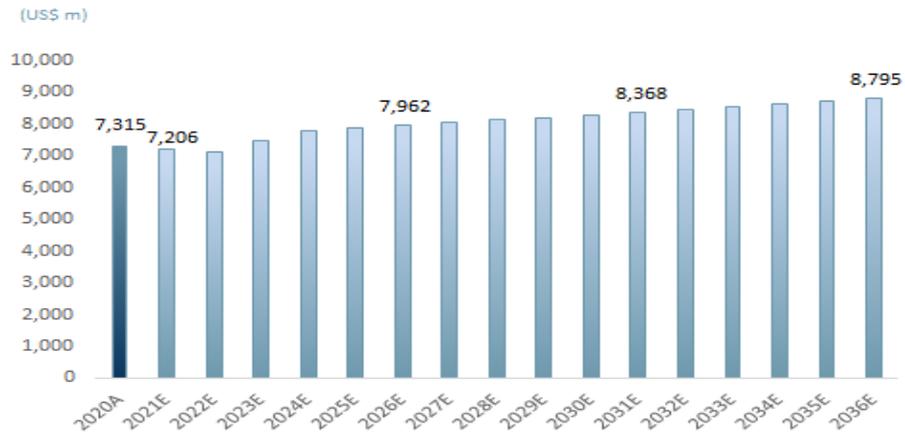
**The i/Blue Control Unit** contains a high-intensity light source, camera controller and power supply modules **enabling** simultaneous display of white and blue light images.

**The Dual Camera Handpiece** contains optical filters splitting the image into white and blue light channels – **delivers** simultaneous images display on the surgical monitor.

Imagin's **i/Blue** technology currently uses hexaminolevulinate hydrochloride (HAL) contrast. The Company intends to adapt its technology for other FDA-approved contrasts, e.g. Indocyanine green (ICG). The use of additional contrasts will expand market potential into gynaecology, general, colorectal and thoracic.

## Market Assumptions

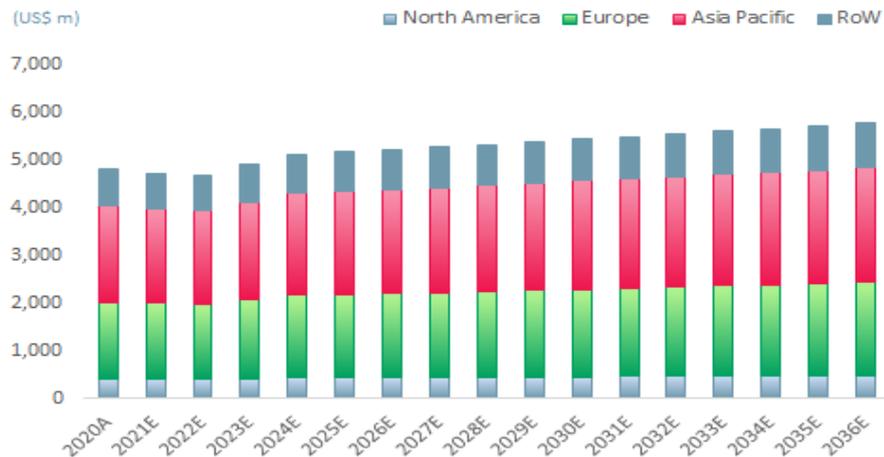
Exhibit 1: Global cancer imaging systems market size 2019A-2035E



Source: ACF Equity Research Estimates.

In Exhibit 1 above, we have assumed that the global cancer imaging systems market will grow by 1% per year, based on the US population growth rate. US rate was used given the US has the highest market share for global cancer imaging at 39% followed by Asia Pacific at 28%, Europe at 23%, and RoW at 11% (Frost & Sullivan, 2018).

Exhibit 2: Global cancer imaging market by region 2019A-2035E



Source: ACF Equity Research Estimates.

In Exhibit 2 above, we assume that North America accounts for the highest share of the global cancer imaging market. We have assumed that the US bladder cancer imaging market accounts for 5.41% of the US cancer imaging market value. We have inferred that Imagin Medical’s device is capable of winning 39% of the value of the US bladder cancer imaging market. Our assumptions are also based upon a 5-year survival rate of bladder cancer in the US (70k/100K equates to patients survived/number diagnosed).

## Valuation Case

*We exclude from our IMEXF (Imagin) forecasts and valuation all geographical market opportunities outside the US bladder cancer imaging market and we exclude all other cancer imaging opportunities.*

ACF's valuation is conservative. We have factored in a risk adjustment (18% WACC) to account for operational uncertainties. However, our WACC and risk adjustment and forecasts assume that Imagin gains FDA approval for its device and we have assumed revenue generation beginning financial year 2026E.

Given that Imagin Medical is non-revenue generating and FCF negative, at this point we have assumed a long-term FCF Margin of 11%, less than both the median and average for our industry peer group (see exhibit 3 below).

We have assumed that Imagin will begin generating revenues from 2026E. This is based on the argument that as the pandemic eases up, the Company will begin device manufacturing by 2021/2022 and human clinical trials by 2022/23.

In addition, we have used a 10-year DCF with an FCF TV Multiple 20x vs. a peer group EV/FCF average of 62x (growth stocks). Our 10-year DCF captures 5 years of revenue and free cash flows. We assume that Imagin medical will have its product on the market and start generating revenues within the next five years.

Below we have highlighted the sensitivity of IMEXF's WACC and the Market Share (%), FCF M% and TV Multiple 10 yr. The model is marginally more sensitive to FCF M% and FCF TV Multiple 10 yr.

ACF assumes an IMEXF valuation range of US\$ 9.62 to 10.63 per share with a 5% standard deviation. Our IMEXF fair value DCF indicates a value range mid-point of US\$ 90m, based upon only the US inferred bladder cancer imaging market value.

IMEXF's device is in reality potentially applicable across several cancers and if FDA approval is achieved it is reasonable to assume that IMEXF would be able to achieve approval in other global regions, which we divide into Europe, Asia and RoW, at comparatively lower costs and shorter time scales.

Exhibit 3: Peer group with focus on cash related metrics

TTM Metrics / Company Name	Market	Tkr	MCAP US\$(m)	EBITDA M%	FCF M%	EV/ EBITDA	EV/ FCF	MCAP/ FCF
Imagin Medical	OTCQB	IMEXF	3.42	N/A	N/A	N/M	N/M	N/M
Masimo Corporation	Nasdaq	MASI	13,200.00	24.27	9.55%	41.67	105.91	118.17
LiDCO Group Plc	Ex-AiM	LID	39.86	13.33	14.41%	19.48	18.02	19.52
Inspiration Healthcare	AiM	IHC	122.97	13.44	N/M	16.38	N/M	N/M
<b>Average</b>				<b>17.01%</b>	<b>11.98%</b>	<b>25.84x</b>	<b>61.96x</b>	<b>68.85x</b>
<b>Median</b>				<b>13.44%</b>	<b>11.98%</b>	<b>19.48x</b>	<b>61.96x</b>	<b>68.85x</b>

## Valuation - DCF

### Exhibit 4: Indicative potential financial performance

ACF est. \$(m)	2026E	2027E	2028E	2029E	2030E
Revenue	168	170	171	173	175
EBITDA	86	87	87	88	89
Net Income	168	170	171	173	175
FCF	18	19	19	19	19
CPS (diluted) USD	0.97	0.98	0.99	1.00	1.01

### Exhibit 5: WACC

IMEXF - WACC Calc	
Pre-tax cost of debt	10.0%
ETR	20.0%
After-tax cost of debt	8.0%
Current Leverage	79.4%
Debt/(Cash)	3.3
Equity	3.8
Target Leverage	50.0%
D / (D+E)	46.4%
ACF $\beta$ adj levered	3.00
rf	0.79%
ERP	5.2%
Cost of equity	16.5%
Risk adj.	5.5%
WACC	18%

Note: We assume the conservative Debt / Equity target mix 50%. However, in the current interest rate environment 50-60% is more likely.

### Exhibit 6: Implied return

Valuation Range		
Imagin Medical	94.0	
NPV FCF (\$m)	94.0	
Net Debt/(Cash)	3.3	
Fair Value (\$m)	90.8	
NoSh(m)	8.97	
NoSh (diluted)(m)	N/A	
Intrinsic Value Per Share (\$m)	10.12	
Close Price USD	0.42	
<b>VR (low - high)</b>	<b>9.62</b>	<b>10.63</b>
VR Spread	5.00%	
Implied VR Return (low - high)	2208%	2451%

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) on 22/06/2021 of 8,967,186.

Implied VR Return 2208-2451%.

We exclude from our IMEXF (Imagin) forecasts and valuation all geographical market opportunities outside the US bladder cancer imaging market and we exclude all other cancer imaging opportunities.

## Sensitivity Analysis

Exhibit 7: **WACC/Market Share % shows long-term value potential**

IMEXF Fair Value 15 Yr DCF USD (m) US Market Share Only

We exclude from our IMEXF (Imagin) forecasts and valuation all geographical market opportunities outside the US bladder cancer imaging market and we exclude all other cancer imaging opportunities.

US Market Share Only

	Wacc					
	24%	21%	18%	15%	12%	
54%	123	131	141	156	175	175
49%	111	119	128	141	158	158
44%	100	106	115	127	142	142
39%	89	94	102	112	126	126
34%	77	82	89	98	110	110
29%	66	70	76	84	94	94
24%	54	58	63	69	78	78

Sources: ACF Research Estimates; Companies reports; Factset.

Exhibit 8: **WACC/FCF Margin % shows long-term value potential**

IMEXF Fair Value 10 yr USD (m)

FCF M (%)

	Wacc					
	22%	20%	18%	16%	14%	
17%	112	131	153	180	212	212
15%	99	115	135	159	187	187
13%	86	100	117	138	162	162
11%	73	85	99	116	137	137
9%	59	69	81	95	112	112
7%	46	54	63	74	87	87
5%	33	38	45	53	62	62

Sources: ACF Research Estimates; Companies reports; Factset.

Exhibit 9: **WACC/FCF TVx 10yr shows long-term value potential**

IMEXF Fair Value 10 yr USD (m)

TV Multiple 10yr

	Wacc					
	22%	20%	18%	16%	14%	
26	88	103	121	143	168	168
24	83	97	114	134	158	158
22	78	91	107	125	148	148
20	73	85	99	116	137	137
18	67	78	92	108	127	127
16	62	72	84	99	117	117
14	57	66	77	90	106	106

Sources: ACF Research Estimates; Companies reports; Factset.

## Valuation – Trading Multiples

**Exhibit 10: Trailing peer group metrics – income statement**

TTM Metrics / Company Name	Market	Tkr	EV US\$(m)	Div %	EBITDA/ M%	EV/ REVS	EV/ EBITDA	EV/ NI
Imagin Medical	OTCQB	IMEXF	9.98	N/A	N/A	N/A	N/M	N/M
Masimo Corporation	Nasdaq	MASI	11,830.00	N/A	24.27	10.11x	41.67x	51.61x
LiDCO Group Plc	AiM	LID	36.81	48.28	13.33	2.60x	19.48x	22.84x
Inspiration Healthcare	AiM	IHC	113.11	N/A	13.44	2.20x	16.38x	28.97x
<b>Average</b>				<b>48.28%</b>	<b>17.01%</b>	<b>4.97x</b>	<b>25.84x</b>	<b>34.47x</b>
<b>Median</b>				<b>48.28%</b>	<b>13.44%</b>	<b>2.60x</b>	<b>19.48x</b>	<b>28.97x</b>

**Exhibit 11: Trailing peer group metrics – balance sheet**

TTM Metrics / Company Name	Market	Tkr	MCAP US\$(m)	Gross Debt/ Assets	Gross Debt/ Equity	RoA %	RoE %	RoI %
Imagin Medical	OTCQB	IMEXF	3.42	255.81	N/A	-107.74	N/A	N/A
Masimo Corporation	Nasdaq	MASI	13,200.00	2.22	2.67	10.27	17.76	16.86
LiDCO Group Plc	AiM	LID	39.86	32.75	13.35	5.47	18.07	-1.85
Inspiration Healthcare	AiM	IHC	122.97	N/A	10.02	9.01	13.37	11.03
<b>Average</b>				<b>17.49%</b>	<b>8.68%</b>	<b>8.25%</b>	<b>16.40%</b>	<b>8.68%</b>
<b>Median</b>				<b>17.49%</b>	<b>10.02%</b>	<b>9.01%</b>	<b>17.76%</b>	<b>11.03%</b>

**Exhibit 12: IMEXF Forecast trading multiples**

ACF est. \$(m)	Revenue	EBITDA	FCF	EPS (\$)	EPS diluted (\$)	CPS	CPS (diluted)
2026E	168	86	18	6.15	2.91	2.06	0.97
2027E	170	87	19	6.21	2.94	2.08	0.98
<b>Multiples</b>	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS (\$)	P/ EPS diluted (\$)	P/ CPS	P/ CPS (diluted)
2026E	0.55x	1.08x	4.99x	1.65x	3.48x	4.91x	10.39x
2027E	0.54x	1.07x	4.94x	1.63x	3.45x	4.86x	10.29x

*We exclude from our IMEXF (Imagin) forecasts and valuation all geographical market opportunities outside the US bladder cancer imaging market and we exclude all other cancer imaging opportunities.*

Our peer group is made up of medical devices companies that operate on a global scale. We note that the peers are revenue generating, however this provides an indication as to how IMEXF could perform in future. Lidco was recently acquired by Masimo – we reconstructed the historical multiples. These are arguably IMEXF's closest and most relevant metrics comparators.

IMEXF does not make up a constituent of our average or median values in the peer group metrics. We have excluded IMEXF from these values to make multiple comparisons undistorted.

## Peer Group Selection

Masimo Corporation (**Nasdaq: MASI**) **LID.L: AiM**) is a medical devices company headquartered in the US that develops and manufactures non-invasive monitoring technology and automation solutions for hospitals and at home. MASI's products include: Signal Extraction Technology (SET®) pulse oximetry used to measure oxygen levels in the blood tracking data via its SET rainbow platform and SedLine technology monitors brain function by detecting EEG (electroencephalography) signals. MASI acquired LiDCO in Feb 2021, taking advantage of its PulseCO™ patented technology that detects blood loss in patients.

LiDCO Group Plc, recently acquired and previous listed (**LID.L: AiM**). LiDCO was a medical devices company that was recently acquired by Masimo (see above). LiDCO developed non-invasive and minimally invasive hemodynamic monitoring equipment for hospitals. LiDCO had three products on the market – LiDCOplus (minimally invasive hemodynamic monitor used in ICUs), LiDCOunity (minimally invasive 3-in-1 monitor used for ER and peri-operative) and LiDCOrapid (non-invasive and minimally invasive monitor used for peri-operative). Its PulseCO™ patented technology was used in over 50% of NHS hospitals in the UK.

Inspiration Healthcare Group Plc (**IHC.L: AiM**) is a medical devices company that develops non-invasive respiratory management, home healthcare applications, thermoregulation and patient warming in ICU and operating theatres globally. Inspiration offers several product: Unique+ CFM (wireless electroencephalography monitoring device), nCPAP (provides continuous positive nasal airway pressure), Inspire nCPAP (breathing circuits), Tecotherm Neo (servo control device that either cools or warms the body used in neonatal ICU) and CosyTherm2 (patient warm for neonatal). The Company also provides products for adult ICU treatment, e.g AlphaCore5 (patient warming for hypothermia).

## Financial Projections – Indicative Proforma

Income Statement \$(m)	2026E	2027E	2028E	2029E	2030E
<b>Revs</b>	<b>168.0</b>	<b>169.7</b>	<b>171.4</b>	<b>173.1</b>	<b>174.8</b>
gr%		1%	1%	1%	1%
Total Expenses	82.3	83.1	84.0	84.8	85.7
<b>EBITDA</b>	<b>85.7</b>	<b>86.5</b>	<b>87.4</b>	<b>88.3</b>	<b>89.1</b>
% Revs	51%	51%	51%	51%	51%
FV adj.	0	0	0	0	0
% Revs	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>68.9</b>	<b>69.6</b>	<b>70.3</b>	<b>71.0</b>	<b>71.7</b>
EBT	69	70	70	71	72
% Revs	NM	41%	41%	41%	41%
ETR	20%	20%	20%	20%	20%
<b>NI</b>	<b>55.2</b>	<b>55.7</b>	<b>56.3</b>	<b>56.8</b>	<b>57.4</b>
% Revs	NM	33%	33%	33%	33%
Adj EPS (p)	2.91	2.94	2.97	3.00	3.03
Basic EPS (p)	6.15	6.21	6.27	6.34	6.40
Diluted EPS (p)	2.91	2.94	2.97	3.00	3.03
<b>Balance Sheet \$(m)</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
PP&E	20.9	45.9	72.3	99.8	128.6
<b>Total Fixed Assets</b>	<b>21.0</b>	<b>46.1</b>	<b>72.4</b>	<b>99.9</b>	<b>128.7</b>
Current assets	8.4	8.5	8.6	8.7	8.7
Cash	7.7	38.1	67.9	97.0	125.4
<b>Total Current Assets</b>	<b>32.9</b>	<b>63.6</b>	<b>93.6</b>	<b>122.9</b>	<b>151.6</b>
<b>Total Assets</b>	<b>53.8</b>	<b>109.6</b>	<b>166.0</b>	<b>222.9</b>	<b>280.3</b>
Creditors	8.4	8.5	8.6	8.7	8.7
Other liabilities	0.0	0.0	0.0	0.0	0.0
Loans	0.7	0.7	0.7	0.7	0.7
<b>Total Liabilities</b>	<b>9.1</b>	<b>9.2</b>	<b>9.3</b>	<b>9.4</b>	<b>9.4</b>
<b>Net Assets</b>	<b>44.7</b>	<b>100.4</b>	<b>156.7</b>	<b>213.5</b>	<b>270.9</b>
Share Capital	14.3	14.3	14.3	14.3	14.3
Accum. Profit/(loss)	28.0	83.7	140.0	196.8	254.2
<b>Total Equity</b>	<b>44.7</b>	<b>100.4</b>	<b>156.7</b>	<b>213.5</b>	<b>270.9</b>
<b>Total Equity &amp; Liabilities</b>	<b>53.8</b>	<b>109.6</b>	<b>166.0</b>	<b>222.9</b>	<b>280.3</b>
Basic NAV (p)	4.99	11.20	17.47	23.81	30.21
Diluted NAV (p)	2.36	5.30	8.26	11.26	14.28
<b>Cash Flow \$(m)</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
EBT Profit/(loss)	68.9	69.6	70.3	71.0	71.7
Finance costs	0.0	0.0	0.1	0.1	0.1
<b>FV adj. + Other adj.</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Cash Taxes	-13.8	-13.9	-14.1	-14.2	-14.3
WCap change	-16.8	-0.2	-0.2	-0.2	-0.2
<b>Net CFO</b>	<b>56.1</b>	<b>60.7</b>	<b>62.3</b>	<b>63.9</b>	<b>65.5</b>

Source: ACF Research Estimates; Companies reports.

*Our financial projections are pro-forma and indicative only. They are not based upon a full model or management discussions. We have made various margin assumptions based upon the companies in the healthcare device market segment, market share potential based upon and innovative device rather than an incremental improvement, and various broader growth company characteristics.*

*We reach our forecast numbers here by assuming that IMEXF can successfully gain FDA approval and launch its products in earnest commencing financial year ending 2026E.*

*We exclude from our IMEXF (Imagin) forecasts and valuation all geographical market opportunities outside the US bladder cancer imaging market and we exclude all other cancer imaging opportunities.*

## Glossary

<b>BSS</b>	BSS Life Sciences - is a private Canadian company holding intellectual property rights to a proprietary imaging technology.
<b>DCF</b>	Discounted Cash Flow – a valuation method that estimates the value of an investment or a company based on its expected future cash flows.
<b>EBITDA</b>	Earnings before interest, depreciation and amortisation – the presentation of EBITDA by companies is not a requirement of UK GAAP or IFRS accounting standards. However, in certain cases it can act as a close proxy to free cash flow.
<b>ERP</b>	Equity Risk Premium – the excess return an investor earns from an investment.
<b>ETR</b>	Effective Tax rate – the amount of tax paid on income, as a percent.
<b>EV</b>	Enterprise Value – the total value of a company, including debt held.
<b>FCF</b>	Free Cash Flow generated in ACF's models after all obligatory cash costs have been satisfied such as Interest payable (Ip), cash taxes and maintenance capex (as opposed to investment capex). FCF, in general, represents the cash remaining for theoretical distribution or investment after all obligatory cash-based costs including net interest payable have been deducted.
<b>FCF M%</b>	Free Cash Flow Margin – calculated by dividing FCF/Revenues and represents a profitability indicator of a company.
<b>FDA</b>	Food and Drug Administration - is a US regulatory authority.
<b>MCAP</b>	Market Capitalization – total dollar value of a company's outstanding shares of stock.
<b>NI</b>	Net Income – a company's income minus cost of goods sold, expense, depreciation and amortisation.
<b>NoSH</b>	Number of Shares in issue (NoSh).

<b>NPV</b>	Net Present Value (NPV) - refers to the current value of future cash flows generated by the project
<b>REVS</b>	Revenues – a company’s income or increase in net assets.
<b>RoA</b>	Return on Assets – represents a company’s profitability based on assets.
<b>RoE</b>	Return on Equity - measure of financial performance and is calculated by dividing net income by shareholders’ equity.
<b>RoI</b>	Return on Investment – a ratio between net profit and the cost of investment. RoI evaluates the efficiency of an investment.
<b>RoW</b>	Rest of the World
<b>TTM</b>	Trailing Twelve Months – data from the past consecutive 12-months.
<b>TV</b>	Terminal Value – value of a company at the end of a forecasted period.
<b>VR</b>	Valuation Range – the range of the valuation calculated.
<b>WACC</b>	Refers to the weighted average cost of capital for the firm.

## Notes [Intentionally Blank]

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