Profound Medical Corp. | PRN-TSX, PROF-NASDAQ

Update

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PRN-TSX

Rating:	Buy
Target:	US$11.50 (was US$15.25)
Price:	US$5.31
Return:	117%
Valuation:	NPV (20% rate), 20x EPS, 10x EV/EBITDA (F2030 estimates)

Market Data

Basic Shares O/S (M)	36.3
FD Shares O/S (M)	39.4
Market cap, basic (US$M)	192.7
Ent Val, basic (US$M)	137.5
Cash (rec Q, US$M)	59.7
Debt (rec. Q, US$M)	4.5
52 Week Range	$3.76-$8.95
Avg. Weekly Volume (000)	1,060.0
Fiscal Year End	31-Dec

Milestone Watch

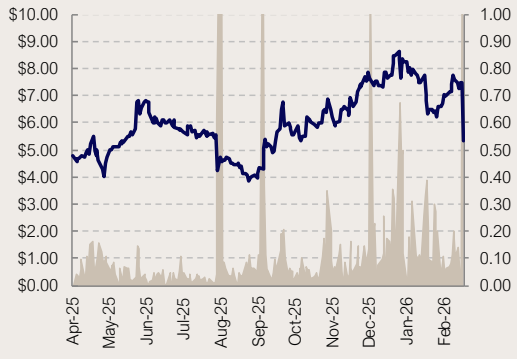
US TULSA-PRO reimburs update (Jul,Nov/23)	Q324
CAPTAIN trial, conclude enrollment	Q424
TULSA-PRO CPT code implementation	Q125
Sonalleve, US/EU reg strategy	H126
CAPTAIN trial, one-year efficacy data	Q126

Financial Metrics

In US$000	2025A	2026E	2027E
TULSA-PRO, cap equip	6,368	14,800	25,200
TULSA-PRO, consum	8,990	16,830	26,796
Service, mainten, leasing	740	600	794
Total prod revenue	16,098	32,230	52,790
Gross margin	11,393	21,390	36,065
EBITDA	(35,204)	(24,699)	(830)
EPS (basic)	($1.33)	($0.95)	($0.30)
EPS (fd)	($1.23)	($0.88)	($0.27)
P/E	*NA*	*NA*	*NA*
EV/EBITDA (basic S/O)	*NA*	*NA*	*NA*

Company Description

Profound Medical is an ON-based medical technology developer, with MR-guided prostate cancer-targeted ultrasound ablation technology TULSA-PRO & uterine fibroid targeted Sonalleve MR-HIFU, both approved in most target markets. US reimbursement codes are fully implemented for using TULSA-PRO in soft tissue



Source: Refinitiv, Leede Financial

Unchanged View On TULSA-PRO Prospects, Notwithstanding Modest Softness On Procedure-Based Revenue In FQ425 – Buy

ON-based ultrasound tissue ablation device developer Profound Medical reported FQ425 financial data for the December-end quarter that without context would be viewed by us as relatively positive, generating sequential growth in consolidated revenue while holding firm on gross margin in the mid-70% range & reducing quarterly EBITDA loss in so doing down to (US$5.9M) from FQ325 EBITDA loss of (US$7.1M) & (US$12.2M) in FQ225.

Solid pace of adoption on TULSA-PRO capital sales, meeting our expectations on end-of-year US/EU installed base. Looking at Profound's stratified FQ425 revenue, we are certainly encouraged by the substantial lift in capital sales for the firm's flagship TULSA-PRO MR-guided prostate ultrasound ablation platform (we assume that sales of the firm's alternative MR-guided ultrasound ablation platform Sonalleve MR-HIFU were minimal), growing to US$3.7M from US$1.2M in FQ325 & indeed, exceeding cumulative capital sales of US$2.7M for the FQ125-to-FQ325 period.

- Assuming that Profound sold TULSA-PRO to MRI-equipped US/EU-based hospitals in the quarter at an average US selling price of US$0.4M-to-US$0.5M, cumulative capital sales in the quarter imply that about eight TULSA-PRO systems were placed or sold in the period, consistent with our expectations & with prior company guidance on this metric.

- Based on the same unit pricing assumption, we assume that Profound sold about five TULSA-PRO systems during the preceding three quarters. So the quarter was certainly positive in our view on capital sales alone, though our model assumes that TULSA-PRO unit sales will be cyclical during our forecast period & be stronger in FH2 periods.

A bit of a FQ425 pause to exhale on procedure volume-based revenue but TULSA-PRO installed base is climbing at a steady pace. But the flip side of the FQ425 coin is that procedure-based revenue (a combination of consumables like endorectal cooling probes & ultrasound energy transducers, plus any economics that Profound embeds into its relationships with TULSA-PRO-adopting hospitals) was soft in the quarter, if only as compared sequentially to FQ325 & to our own expectations.

- FQ425 procedure-based & service revenue was US$2.7M in the quarter, down from US$4.1M in FQ325 though strong by prior quarter standards of US$1.8M in FQ125 & US$1.6M in FQ225. Assuming that FQ425 procedure revenue incorporated a per-ablation price of US$5,500 & incorporating the firm's year-end installed base of 78 TULSA-PRO systems worldwide, we calculate that the average number of prostate ablation procedures per system in the quarter was about six, below the value of about ten procedures per system in FQ325.

- Interestingly, this reimbursement level corresponds almost to the dollar the reimbursement rate per procedure that France-based peer EDAP TMS [EDAP-Q, NR] cites in its Jan/26 investor presentation for brachytherapy-based prostate ablation [US$5,478] under CPT code #55875, but it is below the reimbursement level that EDAP claims it enjoys under a distinct ultrasound ablation-specific code #55880 [US$9,671].

Transient quarterly disconnect between TULSA-PRO capital sales & associated procedure-based revenue is inevitable, at least until installed base reached critical mass in all target geographies. We are of course mindful that newly-sold TULSA-PRO systems in FQ425 were unlikely to have generated much procedure volume in the quarter of installation & procedure volumes for all installed TULSA-PRO systems should scale upward in future periods.

- We are slightly adjusting our projected number of ablation procedures per TULSA-PRO system per quarter to eight in F2026/27 (so 32 per year), growing to ten per quarter in F2028 (40 per year) & scaling upward thereafter to a steady-state annual ablation procedure volume per TULSA-PRO installation of 75. We assume stable consumables revenue per procedure of US$5,500 though we will revisit that assumption if price inflation transpires in future periods or if Profound chooses to modify per-procedure revenue expectations in exchange for contractual minimum procedure volumes on a hospital-by-hospital basis.
- Our model will assume that Profound's own projection for achieving a TULSA-PRO global installed base of about 120 systems is a reasonably expectation based on its own backlog & prospect list visibility, but that year-end installed base value is below our previous expectations & we are revising our model accordingly.

Exhibit 1. Financial Forecast Summary For Profound Medical

Year-end December 31 *(US$000, exc share data)*	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E
TULSA-PRO, capital equipment	2,440	6,368	14,800	25,200	30,000	33,200	33,200	33,200	33,200
TULSA-PRO, consumables/ procedure-based revenue	7,300	8,990	16,830	26,796	49,005	79,926	115,808	146,432	180,576
Service, maintenance	940	740	600	794	1,162	1,580	1,768	1,956	2,144
Total prod revenue	**10,680**	**16,098**	**32,230**	**52,790**	**80,167**	**114,706**	**150,776**	**181,588**	**215,920**
Revenue growth, y/y (%)	*78%*	*51%*	*100%*	*64%*	*52%*	*43%*	*31%*	*20%*	*19%*
Gross margin	**7,037**	**11,393**	**21,390**	**36,065**	**56,030**	**80,294**	**105,543**	**127,111**	**151,144**
Gross margin (%)	*65.9%*	*70.8%*	*66.4%*	*68.3%*	*69.9%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*
Sales & marketing expense	19,617	16,001	18,444	19,633	17,505	19,500	19,601	21,791	23,751
Gen & administrative expense	0	10,000	10,386	7,284	8,017	11,471	17,339	19,975	21,592
Research & develop expense	16,965	20,596	17,260	9,979	5,836	6,882	6,031	6,356	6,478
EBITDA	**(29,545)**	**(35,204)**	**(24,699)**	**(830)**	**24,672**	**42,441**	**62,572**	**78,991**	**99,323**
EBITDA margin (%)	*NA*	*NA*	*NA*	*NA*	*31%*	*37%*	*42%*	*44%*	*46%*
EBITDA growth, y/y (%)	*NA*	*NA*	*NA*	*NA*	*(3,072%)*	*72%*	*47%*	*26%*	*26%*
Cumul non-operating exp (amort exp, stock option, interest, F/X)	(1,727)	7,114	9,926	9,926	9,926	9,926	9,926	9,926	9,926
Tax expense	(2)	252	0	28	3,686	8,129	13,161	17,266	22,349
Net Income, fully-taxed	**(27,816)**	**(42,570)**	**(34,625)**	**(10,784)**	**11,059**	**24,386**	**39,484**	**51,799**	**67,048**
EPS (basic)	($1.07)	($1.33)	($0.95)	($0.30)	$0.30	$0.67	$1.09	$1.43	$1.85
EPS (fd)	**($1.00)**	**($1.23)**	**($0.88)**	**($0.27)**	**$0.28**	**$0.62**	**$1.00**	**$1.31**	**$1.70**
P/E	*NA*	*NA*	*NA*	*NA*	*18.9x*	*8.6x*	*5.3x*	*4.0x*	*3.1x*
EV/EBITDA (basic S/O)	*NA*	*NA*	*NA*	*NA*	*0.3x*	*0.2x*	*0.1x*	*0.1x*	*0.1x*

Source: Forecasts/Estimates – Leede Financial Inc.

- To be candid, it is clear that capital markets are valuing Profound on its quarterly financial performance, perhaps more focused on revenue than on EBITDA, but we believe that it is still a bit early to be valuing the firm on a quarterly basis while it is building its TULSA-PRO installed base to equilibrium levels (not likely to be achieved for a few years) & while TULSA-PRO's clinical history is evolving to a point that collective clinical experience can itself be a driver for TULSA-PRO adoption.
- Accordingly, our own investment thesis on the firm is still squarely focused on medical prospects for MR-guided high-intensity ultrasound ablation as a modality & on TULSA-PRO as a manifestation of that capability, independent of competitive landscape in treating localized prostate disease (both cancer & benign prostatic hyperplasia) that of course includes the Goliath in this industry, Intuitive Surgical's [ISRG-Q, NR] radical prostatectomy-based da Vinci Surgical System (quarterly revenue just keeps climbing, almost on a straight-line trajectory from US$1.7B in FQ123 to US$2.9B in FQ425, with recurring revenue growing from US$1.4B to US$2.3B & capital sales growing from US$42M to US$786M over the same period, with a sizable though not yet dominant proportion of its revenue derived from non-US sources) for which cumulative da Vinci System installed base was 11,106 at end-of-year.

- And in the radiation therapy realm, we do not have specific sales data for Siemens Healthineers/Varian Medical's TrueBeam RT platform, but we assume that RT in its various forms still represents a sizable installed base in comparison to Profound's TULSA-PRO installed base. That said, our model now as before assumes that TULSA-PRO-based procedures can capture a sizable proportion of the localized prostate disease therapy market based on our view that many patients may choose not to undergo radical organ removal or the anatomic disruption that RT confers on prostate function.

Financial forecast summary. Upon considering FQ425 capital equipment & consumables revenue as a baseline from which to project future growth on both metrics, coupled with Profound's own expectations for year-end installed base & other pricing fundamentals, we are revising our near-term revenue forecasts as shown in Exhibits 1 & 3.

- This year, we project procedure-based & maintenance/service/leasing revenue collectively considered of US$17.6M & TULSA-PRO capital sales of US$14.8M, with year-end installed base of 115 assumed in our derivation of those projections. Our procedure-based F2026 revenue forecast assumes average annual procedures per system of 31, mindful that more mature systems should undergo more procedure volume traction than more recently-installed systems, & sustained revenue per procedure of US$5,500 as overtly indicated by Profound itself. Our model assumes that consolidated gross margin can hold firm at 66%-to-70% throughout our forecast period.
- Moving to future forecast periods, we project F2027 procedure-based & capital equipment revenue of US$27.6M & US$25.2M respectively, increasing in F2028 to US$50.2M/US$30.0M & in F2029 to US$81.5M/US$33.2M. In parallel to our forecast revisions, we are shifting the reference year in our EBITDA/EPS valuation methodologies to F2030 mostly to cater to the more measured pace at which we expect Profound to achieve near-steady-stage revenue levels on TULSA-PRO-based economics.

Exhibit 2. Valuation Summary for Profound Medical

NPV, discount rate		5%	10%	15%	20%	25%	30%
Implied value per share		$38.93	$26.39	$18.42	**$13.20**	$9.70	$7.29
Price/earnings multiple, F2029	**P/E**	**5%**	**10%**	**15%**	**20%**	**25%**	**30%**
Implied share price[1]	10	$8.65	$7.52	$6.58	$5.79	$5.13	$4.56
	20	$17.30	$15.04	$13.16	**$11.59**	$10.26	$9.12
	30	$25.95	$22.56	$19.74	$17.37	$15.39	$13.68
EV/EBITDA multiple, F2029		**4x**	**6x**	**8x**	**10x**	**12x**	**14x**
Implied share price[1,2]		$4.48	$6.32	$8.16	**$9.99**	$11.83	$13.67
One-year Profound Medical target price (US$) [1,2]				**$11.60**			

[1] *F2030 fully-diluted fully-taxed EPS forecast $1.00/shr; EBITDA $62.6M; NPV discounted at 20%; fd S/O 39.4M incorporates new equity offering consummated in Dec/25*

[2] *Balance sheet includes FQ425 cash of US$59.7M (includes net proceeds from Dec/25 equity offering; FQ425 LT debt of US$4.5M)*

Source: Leede Financial Inc.

- As before, we ascribe minimal market value to Sonalleve MR-HIFU though we are optimistic that its pace of adoption could improve from current trough levels, particularly in Asian markets where the device is approved for ablating uterine fibroids (it is also FDA-approved for ablating osteoma tumors, but we do not believe that this limited approval represents sufficient motivation for MR-equipped hospitals to invest in Sonalleve MR-HIFU ablation capabilities for that indication alone. In F2030, we project consolidated revenue/EBITDA/fd EPS of US$150.8M/US$62.6M/US$1.00/shr, increasing thereafter in F2031 to US$181.6M/US$79.0M/US$1.31/shr & in F2032 to US$215.9M/US$99.3M/US$1.70/shr.

Valuation/PT summary – modest PT revision based on incorporating FQ425 data & TULSA-PRO targeted installed base by end-of-year as baseline into our Profound investment thesis. We still derive our Profound PT by taking the average of three distinct valuation methods: NPV (still using a discount rate of 20% that is perhaps a bit conservative for a commercial-stage medical technology developer for which clinical/regulatory risk has already been mitigated, but we believe a 20% rate is reasonable when considering the more modest revenue ramp that we are now projecting) & multiples of our F2030 EBITDA/fd EPS forecasts (US$62.6M & US$1.00/shr as stated above) as shown in Exhibit 2. Our EV calculation incorporates FQ425 balance sheet data

(cash of US$59.7M, total debt of US$4.5M) & fd S/O of 39.4M that incorporates new equity issued during the preceding quarter. These three valuation methodologies collectively considered give us a one-year PT for PRN/PROF of US$11.60, which we round to US$11.50, down from US$15.25 previously. At current levels, our PT corresponds to a one-year return of 117%.

Pending milestones are mostly based on TULSA-PRO commercial traction but final CAPTAIN data are on the horizon & could be supportive of more aggressive technology adoption. On the milestone watch, we look forward to reviewing Profound's final three-month peri-operative & six-month quality-of-life data from its 201-patient CAPTAIN trial that is comparing patient outcomes from TULSA-PRO ablation to patients undergoing da Vinci-based radical prostatectomy. An update is expected later this week at the European Association of Urology annual meeting. The trial was clearly not necessary for FDA approval, nor for garnering device-specific US reimbursement codes, nor for broad US sales ramp, but any ability to compare TULSA-PRO to alternative localized prostate therapy platforms with hard data should be accretive to pace of adoption.

- There is minimal probability that TULSA-PRO-ablated patients could outperform radical prostatectomy on cancer recurrence rate (after all, there is no possibility of disease recurrence for an organ that is no longer present & any metastatic disease that transpires post-procedure would not likely be caused in any way by the ablative or surgical procedures that preceded metastatic disease occurrence).
- But we already know from prior interim CAPTAIN updates that TULSA-PRO-ablated patients experienced superior outcomes on multiple quality-of-life measures, including on amount of blood loss, duration of hospital-based recovery, & post-operative pain as reported at the annual RSNA meeting back in Dec/25, with qualitatively similar outcomes presented earlier at the American Urological Association annual meeting in Apr/25. We believe that the probability of providing qualitatively similar outcomes at next CAPTAIN analysis is high & that the probability that such data once concluded could be leveraged to drive TULSA-PRO adoption is correspondingly high.

Profound does not often describe any ongoing TULSA-PRO clinical studies other than CAPTAIN, but the CARE trial could separately provide disease recurrence rate data later next year. Profound is funding a 1,000-patient longitudinal follow-up trial (the Customized TULSA-PRO Ablation Registry, or CARE initiative) in which it will capture longer-term patient outcomes following TULSA-PRO ablation at five US centers in CA-FL-PA & two in TX where TULSA-PRO is already in clinical use. Minimum follow-up duration is five years before complication rate & disease recurrence rate will be quantified, but the trial commenced in FQ421 & so early interim data could be available from CARE during FQ426-to-FQ127 period.

- Interestingly, a 923-patient UK-based CAPTAIN-like trial that was published in Feb/26 in *JAMA Oncology* compared ten-year cancer-specific survival in patients with localized recurrent prostate cancer at enrollment who were treated either with salvage radical prostatectomy or salvage focal ablation therapy (78% of the procedures were ultrasound ablation), finding at study conclusion that there was no statistically significant difference in cancer-specific survival between the two study arms (though ten-year survival for radical prostatectomy patients was unsurprisingly higher at 99% vs 92% for ablation patients), but there was a statistically significant higher probability of complications with prostatectomy patients, an observation that Profound has already indicated is apparent in its interim CAPTAIN data.

Our competitive analysis in the prostate cancer ultrasound ablation universe typically begins & ends with Profound's most advanced publicly-traded peer in EDAP. On competitive landscape, as always we are tracking performance of France-based FocalONE development peer EDAP TMS (EDAP-Q, NR; Exhibit 4), whose market value is not exactly knocking the cover off of the ball either (at present, is at €129M/C$203M as compared to Profound's market value as of this writing at US$137M/C$187M) but which will be reporting its own FQ425 financial data later this month.

- We stand by our view that positive pace of adoption for EDAP's ultrasound ablation platform FocalONE is correspondingly positive for other prostate gland-targeted ultrasound ablation platforms at least for now while all firms in this realm are striving to generate market share in a cancer treatment niche dominated by robotic prostatectomy & RT therapy. Accordingly, we were interested to see EDAP make a comparison between FocalONE ultrasound ablation, radical prostatectomy & radiation therapy in its Jan/26 investor presentation, citing data from its own CAPTAIN-like trial & observing that ten-year cancer-specific survival actually compared favorably to both alternative platforms though obviously not outperforming prostatectomy on that metric.
- But it did outperform both alternative localized treatments on urological side effect profile at ten-year follow-up (dramatically so on erectile function & sexual function in general), consistent with interim observations for TULSA-PRO in CAPTAIN, if limited in its comparison to radical prostatectomy alone. We find it interesting that in EDAP's own expectations for ultrasound

ablation procedure volume growth, it believes that it can capture comparable market share from active surveillance, radical prostatectomy & RT, with proportions differing from our own expectations for TULSA-PRO to capture market share mostly from active surveillance.

Exhibit 3. Income Statement & Financial Forecast Data for Profound Medical, FQ126E-to-FQ428E

Fiscal year-end Dec 31 (US$000, exc share data)	FQ126	FQ226	FQ326	FQ426	FQ127	FQ227	FQ327	FQ427	FQ128	FQ228	FQ328	FQ428	*2026E*	*2027E*	*2028E*
Revenue															
TULSA-PRO, cumulative	84	92	102	115	128	143	160	178	194	212	232	253	115	178	253
TULSA-PRO, procedures per unit per quarter or year	7	8	8	8	8	8	8	8	10	10	10	10	31	32	40
Reimbursement on consumables per procedure [1]	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500	$5,500
TULSA-PRO, procedure-based revenue	$3,234	$4,048	$4,488	$5,060	$5,632	$6,292	$7,040	$7,832	$10,670	$11,660	$12,760	$13,915	$16,830	$26,796	$49,005
TULSA-PRO, unit sales	6	8	10	13	13	15	17	18	16	18	20	21	37	63	75
TULSA-PRO, price per unit [1]	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
TULSA-PRO, capital sales	$2,400	$3,200	$4,000	$5,200	$5,200	$6,000	$6,800	$7,200	$6,400	$7,200	$8,000	$8,400	$14,800	$25,200	$30,000
TULSA-PRO, maintenance-service leasing revenue	$150	$150	$150	$150	$167	$187	$209	$232	$253	$277	$303	$330	$600	$794	$1,162
Total revenue (US$000)	**$5,784**	**$7,398**	**$8,638**	**$10,410**	**$10,999**	**$12,479**	**$14,049**	**$15,264**	**$17,323**	**$19,137**	**$21,063**	**$22,645**	**$32,230**	**$52,790**	**$80,167**
Direct costs, TULSA-PRO	1,995	2,515	2,894	3,435	3,575	3,993	4,425	4,732	5,284	5,741	6,319	6,794	10,840	16,725	24,137
Gross margin (US$000)	**3,789**	**4,883**	**5,744**	**6,975**	**7,424**	**8,485**	**9,623**	**10,532**	**12,040**	**13,396**	**14,744**	**15,852**	**21,390**	**36,065**	**56,030**
Gross margin (%)	*65.5%*	*66.0%*	*66.5%*	*67.0%*	*67.5%*	*68.0%*	*68.5%*	*69.0%*	*69.5%*	*70.0%*	*70.0%*	*70.0%*	*66.4%*	*68.3%*	*69.9%*
Operating Expenses															
Sales/market expense [2]	4,049	4,439	4,751	5,205	4,840	4,991	4,917	4,885	4,850	4,593	4,213	3,850	18,444	19,633	17,505
General/administ expense	2,603	2,589	2,591	2,603	2,200	1,872	1,686	1,526	1,732	1,914	2,106	2,265	10,386	7,284	8,017
Research & devel expense	4,338	4,439	4,319	4,164	3,850	2,496	2,107	1,526	1,472	1,531	1,474	1,359	17,260	9,979	5,836
Total Operating Expense (US$000)	**$10,990**	**$11,467**	**$11,661**	**$11,972**	**$10,889**	**$9,359**	**$8,710**	**$7,937**	**$8,055**	**$8,037**	**$7,793**	**$7,473**	**$46,089**	**$36,895**	**$31,359**
EBITDA	**($7,201)**	**($6,584)**	**($5,917)**	**($4,997)**	**($3,465)**	**($873)**	**$913**	**$2,595**	**$3,984**	**$5,358**	**$6,951**	**$8,379**	**($24,699)**	**($830)**	**$24,672**
EBITDA margin (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*6.5%*	*17.0%*	*23.0%*	*28.0%*	*33.0%*	*37.0%*	*NA*	*NA*	*30.8%*
Non-Operating Expenses															
Interest expense	112	112	112	112	112	112	112	112	112	112	112	112	450	450	450
Effective Interest Rate (%)	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Amortization Expense	109	109	109	109	109	109	109	109	109	109	109	109	436	436	436
Stock option expense	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	5,524	5,524	5,524
Interest income	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(240)	(240)	(240)
Accretion expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impair expense, goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss (gain) on currency	939	939	939	939	939	939	939	939	939	939	939	939	3,756	3,756	3,756
Total non-operating expense	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$2,481**	**$9,926**	**$9,926**	**$9,926**
Adjusted EBT	**($9,683)**	**($9,066)**	**($8,399)**	**($7,478)**	**($5,946)**	**($3,355)**	**($1,568)**	**$113**	**$1,503**	**$2,877**	**$4,469**	**$5,897**	**($34,625)**	**($10,756)**	**$14,746**
Adjusted EBT margin (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*0.7%*	*8.7%*	*15.0%*	*21.2%*	*26.0%*	*NA*	*NA*	*18.4%*
Tax expense	0	0	0	0	0	0	0	28	376	719	1,117	1,474	0	28	3,686
Effective tax rate (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*NA*	*NA*	*25.0%*
Currency translation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax-affected net income	**($9,683)**	**($9,066)**	**($8,399)**	**($7,478)**	**($5,946)**	**($3,355)**	**($1,568)**	**$85**	**$1,127**	**$2,158**	**$3,352**	**$4,423**	**($34,625)**	**($10,784)**	**$11,059**
Adjusted net margin (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*0.6%*	*6.5%*	*11.3%*	*15.9%*	*19.5%*	*NA*	*NA*	*13.8%*
EPS (basic)	($0.27)	($0.25)	($0.23)	($0.21)	($0.16)	($0.09)	($0.04)	$0.00	$0.03	$0.06	$0.09	$0.12	($0.95)	($0.30)	$0.30
Adjusted fully-taxed EPS	***($0.25)***	***($0.23)***	***($0.21)***	***($0.19)***	***($0.15)***	***($0.09)***	***($0.04)***	***$0.00***	***$0.03***	***$0.05***	***$0.09***	***$0.11***	***($0.88)***	***($0.27)***	***$0.28***
Shares out (basic)	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	*36,294*	36,294	36,294	36,294
Shares out (fd)	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	*39,431*	39,431	39,431	39,431
Direct costs (%)	*34.5%*	*34.0%*	*33.5%*	*33.0%*	*32.5%*	*32.0%*	*31.5%*	*31.0%*	*30.5%*	*30.0%*	*30.0%*	*30.0%*	*33.8%*	*31.8%*	*30.1%*
Sales/market expense (%)	*70.0%*	*60.0%*	*55.0%*	*50.0%*	*44.0%*	*40.0%*	*35.0%*	*32.0%*	*28.0%*	*24.0%*	*20.0%*	*17.0%*	*58.8%*	*37.8%*	*22.3%*
G&A expense (%)	*45.0%*	*35.0%*	*30.0%*	*25.0%*	*20.0%*	*15.0%*	*12.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*33.8%*	*14.3%*	*10.0%*
R&D expense (%)	*75.0%*	*60.0%*	*50.0%*	*40.0%*	*35.0%*	*20.0%*	*15.0%*	*10.0%*	*8.5%*	*8.0%*	*7.0%*	*6.0%*	*56.3%*	*20.0%*	*7.4%*

[1] Price per procedure & price per TULSA-PRO unit sold in historic data are as estimated by Leede Financial

[2] Proportion of SG&A expense allocated to TULSA-PRO marketing in historic data is as estimated by Leede Financial

Source: Historic Data – Profound Medical Financial Filings; Forecasts/Estimates – Leede Financial Inc.

- In EDAP's analysis of US Centers for Medicare & Medicaid Services data, EDAP asserts that other ablative technologies like cryo-ablation & brachytherapy (a form of radiation therapy where microparticles harboring radioactive isotopes are injected into the prostate gland directly) have lost market share growth during F2022-to-F2024 while radical prostatectomy

volumes was essentially stable over the same time period (which to be honest, this analysis does not correspond to Intuitive Surgical's US-specific revenue data during the F2022-to-F2024 time period, during which consolidates service/systems revenue grew by 13% in F2023 & 19% in F2024; we have no similar financial data set on which to critique cryotherapy/brachytherapy procedure growth presented in the slide deck).

- At the end of F2025, EDAP has 87 FocalONE systems installed in US hospitals, 42 in universities & 45 in community care hospitals, mostly but not exclusively in California, Texas Florida & northeastern US. This compares to 41 FocalONE systems placed in Europe, with a fairly diffuse geographic footprint that concentrates FocalONE ablation capabilities in Spain-Portugal-France-Germany-Switzerland-Austria-Italy as we would expect.
- The firm projected five-year trailing CAGR on system installations of 52% & on ultrasound ablation procedures of 44%; for comparison, Profound's F2024 consolidated revenue growth was 78% & 51% in F2025. As we noted in our last Profound report, EDAP reported FQ325 revenue specifically for its high-intensity focused ultrasound operations of €6.7M/US$7.7M that was up y/y from €4.5M/US$4.9M in FQ324, with the firm selling (the firm specifically used the word 'sold' & not 'placed' in its revenue commentary) six FocalONE systems in the period.

Exhibit 4. Comparable Companies For Profound Medical

Company	Curr	Sym	Shares out (M)	Share price 7-Mar	Mkt cap ($M) (curr)	Mkt cap ($M) (C$)	Ent val ($M) (curr)	Ent val ($M) (C$)	Status of lead program
Canadian medical technology development peers									
Conavi Medical	CAD	CNVI	103.4	$0.43	44	$60	62	$84	FDA-approved catheter-based intravascular ultrasound imaging (Novasight Hybrid System)
Perimeter Medical	USD	PINK	131.1	$0.50	66	$89	46	$63	OCT-based tissue imaging platform for breast and other cancer forms
Ventripoint Diagnostics	CAD	VPT	187.4	$0.12	22	$29	24	$32	2D ultrasound-based cardiac imaging
Sernova	CAD	SVA	336.7	$0.16	54	$73	58	$79	Cell Pouch, implantable reservoir for preserving cell function of regenerative medicine therapies
Average						**$63**		**$65**	
Peer firms with ablative technologies in development or at commercial-stage									
AtriCure	USD	ARTC	49.8	$30.02	1,495	$2,029	1,397	$1,895	Cryoablation probes for surgical ablation/AF ablation
Edap TMS	EUR	EDAP	37.4	€ 4.13	€ 154	$243	€ 129	$203	HIFU ablation device Ablatherm & Focus One; collective F2022-23 HIFU sales were €15.6M/€20.6M
Elbit Imaging	ILS	EMITF	15.7	ILS 581	ILS 9,114	$3,996	ILS 318	$139	InSightec division is developing MR-guided focused ultrasound platform called Exablate, part of Elbit Medical
Procept Biorobotics	USD	PRCT	56.4	$24.22	1,366	$1,853	1,131	$1,534	Aquabeam ultrasound image-guided heat-free (waterject-based robotic surgical system for treating BPH, went public in FQ321
Average						**$2,030**		**$943**	
Mature imaging or prostate ablation technology firms									
Elekta AB	SEK	EKTA	367.1	SEK 62.0	SEK 22,760	$3,357	SEK 27,638	$4,077	Sweden-based radio-surgery-brachysurgery firm, modest focus on prostate cancer among other oncology markets
Hologic	USD	HOLX	223.2	$75.74	16,909	$22,940	17,064	$23,151	Women's health-focused imaging firm, Selenia 3D mammo-graphy); sells Progensa PCA3 prostate cancer test, go-private transaction by Blackstone & TPG Capital in process
Integra LifeSciences	USD	IART	77.9	$9.73	758	$1,029	2,351	$3,189	Diversified surgical/medical equip manufacturer (neursurgery, orthopedics, general surgery), including tissue ablation
Intuitive Surgical	USD	ISRG	355.1	$490.16	174,071	$236,162	168,142	$228,118	da Vinci robotic surgery platform is leading device for robot-assisted radical prostatectomy
Koninklijke Philips NV	EUR	PHG	951.3	€ 24.90	€ 23,687	$37,324	€ 29,025	$45,734	Netherlands-based imaging/diagnostics giant, has TULSA-PRO alliance; image-guided therapy division generated €1.6B in F2016, grewe to €3.6B by F2024
Siemens	EUR	SIE	780.7	€ 224.80	€ 175,511	$276,553	€ 211,084	$332,604	Germany-based imaging/diagnostics giant, also TULSA-PRO alliance; intervent oncol division markets RF ablation platform
Toshiba	JPY	6502	53.0	¥3,110	¥164,793	$1,417	¥124,972	$1,075	MR imaging giant, not specifically partnered with Profound
Average						**$82,683**		**$91,135**	
Profound Medical	**USD**	**PROF**	**36.3**	**$5.31**	**$193**	**$261**	**$137**	**$187**	**MR-guided ultrasound ablation. TULSA-PRO (US/EU-approved) & Sonalleve MR-HIFU (US/China-approved)**

Source: Refinitiv

We did not see any material clinical data on the benefits of MR-guided prostate ultrasound ablation in the trailing months, at least not that counters any of the legacy clinical studies that we cited in prior Profound reports. As we summarized in our Nov/25 update.

- Key meta-analyses of prostate tumor ultrasound ablation published data, as for example published in a 2022 review in *European Urology* by Nijmegen University Medical Center researchers, provide generally positive commentary on focused ultrasound as an attractive alternative for treating localized prostate disease. In that review specifically (twenty-seven ultrasound-relevant studies [5,827 patients in total]) along with a separate meta-analysis of twenty-one studies published in 2025 in *Prostate Cancer & Prostatic Diseases* by USC researchers [1,012 patients in total], all data collectively considered show positive impact on reducing disease recurrence & reducing circulating PSA levels as a surrogate marker of ablation effectiveness.

- In another recent update, data from the 10,544-patient focal ablation GRAND trial (92% of ablation procedures were ultrasound-based & of those some were TULSA-PRO-based) were published earlier this year in *BJU International* by LMU Klinikum-based urologists. In that trial, for which procedure-associated side effects were quantified for a few localized prostate cancer therapies, (including ablation procedures), data showed that overall complication rate was low & notably so for TULSA-PRO in comparison to other ablation techniques tested.

- There was a notable 26-patient prostate tumor ultrasound ablation study published last month by University of Zurich-based researchers in the *Journal of Nuclear Medicine* that suggested that determining whether or not patients with localized disease have a high probability of recurrence should be part of the prostate cancer continuum-of-care, specifically by quantifying expression levels of prostate-specific membrane antigen (PSMA) with PET scanning.

- We have never claimed that TULSA-PRO prostate tumor ablation was suitable for any disease-stage other than early & localized so this study is more about PSMA PET imaging than about ultrasound ablation per se, but still, we would not be surprised if supplemental imaging diagnostics were introduced prior to TULSA-PRO ablation going forward solely to determine if patients with localized disease could be effectively treated with a single ablation procedure like TULSA-PRO. Prostate gland calcification can impede ultrasound energy targeting as well. Pre-screening with pelvic CT imaging was proposed by AZ-based researchers in an article published in Sept/25 in the journal *Cureus*. CT imaging pre-ablation may also emerge as a diagnostic filtering procedure for identifying patients more likely to experience more efficient TULSA-PRO tumor ablation.

TULSA-PRO is widely characterized in the medical literature, yet the perception that it is still an emerging prostate tumor ablation platform (which it is commercially, just not clinically) is a barrier to be overcome in forthcoming quarters. Shifting to TULSA-PRO as the sole prostate ablation platform under analysis, data from a 23-patient localized prostate tumor ablation study was published by Strasbourg-based researchers in the *Journal of Vascular & Interventional Radiology* showed encouraging but not stellar outcomes, with 13/23 patients experiencing absence of any clinically-significant cancer, with treatment-free survival of 72% at median three-year follow-up. It seems likely to us that survival rates & thus tumor ablation effectiveness is more influenced by user inexperience than by any limitations in TULSA-PRO itself.

Even in Profound's pivotal 115-patient TACT trial in which user inexperience was likely a factor influencing patient outcomes as well, 84% of patients were disease-free at four-year follow-up, as reported by Sunnybrook Hospital-based collaborator Laurence Klotz at a major prostate ablation technology conference in CA in Oct/22. Even in the early days of TULSA-PRO data analysis, patient outcomes were impressive, with 96% of prostate cancer patients experiencing >75% reduction in circulating PSA levels, while 79% of patients with >grade 2 disease at enrollment experiencing no residual disease at one-year follow-up.

Clearly TACT data have been in the public domain for some years now & obviously ever since TULSA-PRO was FDA-approved, but we stand by our view that any supplemental clinical data generated by academic collaborators or commercial hospitals/radiology centers/urology centers that is comparable on patient outcomes should drive broader awareness of TULSA-PRO functionality & thus drive more diffuse adoption in parallel. But that said, based on our assessment of Profound's historic revenue data since TULSA-PRO's FDA approval, there are still some psychological barriers to entry that Profound will need to overcome – we were interested for example to see that a review published this month by an international radiology/urology clinical consortium in the journal *Prostate Cancer & Prostatic Disease* that was surprisingly titled *New Kids On The Block*. We would hardly characterize TULSA-PRO as a new kid on the block in any defensible way, yet the perception lingers.

Disclosures none

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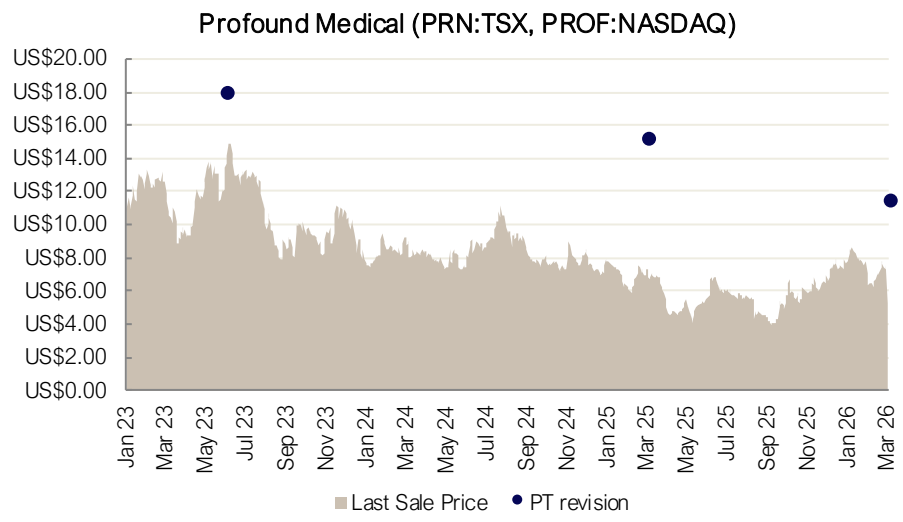
Buy	9	59%
Speculative Buy	5	23%
Hold	1	6%
Sell	-	-
Tender	1	6%
Under Review	1	6%

Historical Target Price



Date	Target ($)	Rating
21 Dec 2020	C$36.50	Buy
3 Mar 2021	US$28.00	Buy
5 Nov 2021	US$26.25	Buy
10 May 2022	US$14.00	Buy
5 Jun 2023	US$18.00	Buy
7 Mar 2025	US$15.25	Buy
9 Mar 2026	US$11.50	Buy

Coverage Initiated: Dec 21, 2020

Data sourced from: Refinitiv