

REAL HEART (HEART)

MOVING FORWARD



More than 64 million people suffer from heart failure and only 7,000 heart transplants are performed each year. The problem is extensive and today there are no real sustainable solution for an artificial heart. Scandinavian Realheart AB (publ) ("Realheart" or the "Company") holds the world's first unique and patented four chamber Total Artificial Heart ("TAH"), which mimics the human heart's blood flow. Realheart intends to initiate their market launch during 2025, which is estimated to be followed by a rapid sales growth, with revenues reaching SEK276 M in 2028. Based on an applied P/S multiple and a discount rate, this yield a present value per share of SEK 13 in a Base scenario. Before market launch, we see several key value-driving activities, where steps in right direction should reduce the current valuation discount.

Lower Costs Than Expected During Q3

During Q3-21, Realheart's total operating expenses amounted to SEK-4,7 M, excluding depreciations, corresponding to a decrease of 39% compared to Q2-21. The lower costs are mainly due to the Company having reduced the proportion of hired staff, resulting in a lower cost base in the third quarter. This was slightly better than our expectations and of course something we consider to be positive, with regards to Realheart not being cash flow positive today.

Strong Cash Position

With the rights issue in September, which added SEK61.5 M in fresh cash at a subscription rate of approx. 91%, Realheart has significantly strengthened their financial position. At the end of the third quarter, cash amounted to SEK60.1 M and during Q3-21 the Company showed a so-called *burn rate* of only SEK-0.4 M / month. Thus, Realheart performed a lower burn rate in comparison with the previous quarter (Q2-21). With the recent rights issue and current roadmap, Realheart has secured financing for the business for +12 months ahead.

Closing In on Animal Studies

Realheart has decided to move on to the clinical version of its artificial heart – the one that will eventually be used for humans – in upcoming animal studies. The aim is to do the first animal implantations during the spring of 2022. In the surgeries performed this autumn, Realheart have confirmed that the system works well, and the new surgical team has been able to implant it successfully. The goal is to initialize human clinical trials in 2023.

Minor Change In Our Valuation Range

As Realheart develops in line with our expectations, we choose in conjunction with the Q3 report to make only minor adjustments to our forecasts, and maintain our valuation range for Base and Bull, but adjust our Bear to become somewhat more conservative.

SHARE PRICE | SEK 4.3

VALUATION RANGE, PRESENT VALUTE 2028Y FORECAST

BEAR SEK 3.2	BASE SEK 13.0	BULL SEK 19.0
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The valuation is derived as a present value of sales forecasted in the year 2028. The potential valuation increase is expected to be gradual, given that assumed events occur.

SCANDINAVIAN REALHEART AB

Share Price (2021-11-23) (SEK)	4.3
Number of Shares Outstanding	33,837,688
Market Cap (MSEK)	142.7
Net Cash (-)/Debt(+) (MSEK)	-57.2
Enterprise Value (MSEK)	85.5
W:52 Price Interval (SEK)	4.08 – 14.00
Stock Exchange	Spotlight Stock Market

SHARE PRICE DEVELOPMENT

1 Month	+1.2 %
3 Months	-26.8 %
1 Year	-28.0 %
YTD	-28.3 %

TOP SHAREHOLDERS (AS OF 2021-06-30)

Najar Medical & Invention AB	14.3 %
Eskilstuna Hem Fastighets AB	4.9 %
Försäkrings AB Avanza	3.7 %
Ålandsbanken i ägares ställe	2.5 %
Bilend Najar	1.7 %

CEO AND CHAIRMAN OF THE BOARD

CEO	Ina Laura Perkins
Chairman of the Board	Göran Hellers

FINANCIAL CALENDER

Quarterly Report #4 2021	2022-02-24
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FORECAST (BASE), SEK M	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	12	42	108	276	480	780
Gross Profit	5	19	53	141	254	429
Gross margin	40%	45%	49%	51%	53%	55%
Total operating costs	-41	-46	-60	-91	-132	-156
EBIT	-36	-27	-7	50	122	273
EBIT margin	neg.	neg.	neg.	18%	25%	35%
P/S	11,9	3,4	1,3	0,5	0,3	0,2
EV/S	7,1	2,0	0,8	0,3	0,2	0,1
EV/EBIT	neg.	neg.	neg.	1,7	0,7	0,3

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Other

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