

REAL HEART (HEART)

ON A MISSION TO SAVE LIVES



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 SEK108 M in 2027. 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.

Blue Ocean Market

Millions of people globally suffer from heart problems and an alternative to save lives is a so-called total artificial heart (TAH). Today, however, only one (1) TAH is available on the market; SynCardia TAH. SynCardia's sales are estimated to grow by a CAGR of 15% until 2029, reaching approx. USD65M (~SEK565 M). Given SynCardia's expected sales development, and the fact that there are no other alternatives, it can be argued that Realheart operates within a *Blue Ocean* market, with a solid growth outlook.

Expected Market Launch In 2025

The potential market for Europe and the US is expected to consists of nearly 130,000 patients/year. If Realheart gradually increases their market share to reach only 0.5% of the target group by 2030, this would translate to ~650 patients/year. With the same pricing per transplant as SynCardia TAH of approx. SEK1.2 M, this would correspond to SEK780 M in revenues for Realheart.

Value Drivers Ahead

Carmat SA offers a bioprosthetic artificial heart that has obtained market approval, where the company during 2021 have sold their first commercialized artificial heart. Carmat are valued at about EUR420 M, thus more than 20x higher compared to Realheart. From an investor perspective, it can be argued that the valuation of Realheart may gradually increase the closer the Company gets to the launch year 2025, hence enabling return to investors even before any sales exist.

Strengthened Cash Position

Realheart must finetune their product, obtain various approvals and efficiently balance available working capital until positive cash flows can be achieved. During August/September, Realheart raises SEK~68 M via an 91% secured rights issue. This will mainly be used to finance further product development and pre-clinical trials.

SHARE PRICE | SEK 5.9

VALUATION RANGE, PRESENT VALUTE 2027Y FORECAST

BEAR SEK 4.0	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 2027. The potential valuation increase is expected to be gradual, given that assumed events occur.

SCANDINAVIAN REALHEART AB

Share Price (2021-08-30) (SEK)	5.9
Number of Shares Outstanding	33,837,688 ¹
Market Cap (MSEK)	201.0 ¹
Net Cash (-)/Debt(+) (MSEK)	-66.6 ¹
Enterprise Value (MSEK)	134.4 ¹
W.52 Price Interval (SEK)	5.52 – 14.00
Stock Exchange	Spotlight Stock Market

SHARE PRICE DEVELOPMENT

1 Month	-15.3 %
3 Months	-8.3 %
1 Year	-8.0 %
YTD	-2.6 %

TOP SHAREHOLDERS (AS OF 2021-06-30)

Najar Medical & Invention AB	14.3 %
Eskilstuna Hem Fastighets AB	4.9 %
Försäkrings AB Avanza	3.9 %
Ålandsbanken i ägares ställe	2.2 %
Bilend Najar	1.7 %

CEO AND CHAIRMAN OF THE BOARD

CEO	Ina Laura
Chairman of the Board	Göran Hellers

FINANCIAL CALENDER

Quarterly Report #3 2021	2021-11-18
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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	16.7	4.8	1.9	0.7	0.4	0.3
EV/S	11.2	3.2	1.2	0.5	0.3	0.2
EV/EBIT	neg.	neg.	neg.	2.7	1.1	0.5

¹Based on the assumption that the current rights issue of SEK67.7 M is fully subscribed.

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Other

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