

REAL HEART (HEART)

FIRST ANIMAL SURGERY ONLY DAYS AWAY



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. With a cash position that still remains strong, which in times like these can't be valued high enough, the Company is closing in on live animal studies. Expectations of human trials are set for H1 2024, meaning that we now estimate market launch during the latter part of 2025. From this point, sales could increase rapidly, with revenues still reaching SEK276 M in 2028 in our Base scenario. Based on an applied P/S multiple of 5x (6), hence slightly more conservative due to current market conditions, and an applied discount rate of 18%, this yields a present value per share of SEK 9.4. Before market launch, we see several key value-driving activities, where steps in right direction could reduce the current valuation discount.

First Animal Surgery To Be Conducted In June

The clinical version of the Realheart® TAH – the version that will eventually be used in humans – is now at the animal lab in Belgium where it is undergoing sterilization pending surgery during early June 2022. How the aftermath of the operation develops will of course be very important to monitor from an investor perspective.

Cash Remains King

At the end of March, Realheart's cash amounted to SEK34.5 M. On top of this, the Company has secured additional capital of SEK+27 M during 2022 via the EIC grant. Hence, in total, we estimate that Realheart has a combination of current cash on the bank, as well as incoming grants, of approx. SEK55 M today.¹ This corresponds to 42% of the current Market Cap. Considering also the current "dry up" and access to new capital from investors, Realheart have a very favourable cash position today.

Market Risk Premiums Leaves No One Out

Since our last published report, the economic climate has been in somewhat of a turmoil, where investors and different stakeholders have, to say the least, acted frosty. As a result, investors have chosen less risky investments, e.g., companies that have a longer history of already positive cash flows, or even decided to maintain a higher net cash position. For unprofitable growth and development companies, this has resulted in an increased cost of equity and consequently shrinking valuation multiples. This also affects Realheart, which impacts our valuation range that has been updated in this analysis. With that said, we want to stress the fact that we still do consider that Realheart continues to take steps in the right direction and that the long-term plan remains solid, meaning we keep our fundamental positive view of the Company.

SHARE PRICE | SEK 3.9

VALUATION RANGE, PRESENT VALUE 2028Y FORECAST

BEAR
SEK 2.5

BASE
SEK 9.4

BULL
SEK 12.6

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 (2022-05-31) (SEK)	3.9
Number of Shares Outstanding	33,183,461
Market Cap (MSEK)	129.4
Net Cash (-)/Debt(+) (MSEK)	-52.3 ¹
Enterprise Value (MSEK)	77.1
W:52 Price Interval (SEK)	2.81 – 15.95
Stock Exchange	Nasdaq First North Growth Market

SHARE PRICE DEVELOPMENT	
1 Month	-4.8 %
3 Months	+7.0 %
1 Year	-48.7 %
YTD	-24.5 %

TOP SHAREHOLDERS (AS OF 2022-03-31)	
Najar Medical & Invention AB	9.8 %
Eskilstuna Hem Fastighets AB	5.0 %
Försäkrings AB Avanza	4.5 %
Ålandsbanken ABP (Finland) Svensk filial	2.6 %
Nordnet Pensionsförsäkring AB	2.2 %

CEO AND CHAIRMAN OF THE BOARD	
CEO	Ina Laura Perkins
Chairman of the Board	Christer Norström

FINANCIAL CALENDER	
Quarterly Report #2 2022	2022-08-19

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	10,8	3,1	1,2	0,5	0,3	0,2
EV/S	6,4	1,8	0,7	0,3	0,2	0,1
EV/EBIT	neg.	neg.	neg.	1,6	0,6	0,3

¹Including a reported cash position of SEK34.5 M during end of March 2022, as well as upcoming grants from EIC of SEK27.5 M during 2022. Also include assumed burn rate April – May 2022.

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Other

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