

Acarix

Q1 update

Sales steady in Q1

Acarix's Q1 update shows sales of four systems to March. Revenues were SEK230k with gross profit of SEK158k; a gross margin of 69%. We do not expect any major sales upturn in 2018, as the key factor is German government reimbursement, which is not expected before 2019. There is additional sales potential in other European territories. We do not expect a US launch before 2022, but we have assumed a US trial starts in 2019. The indicative value remains at SEK448m (SEK19.46/share). Additional clinical studies are ongoing.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/16	0.0	(26.81)	(1.83)	0.0	N/A	N/A
12/17	0.64	(30.74)	(1.29)	0.0	N/A	N/A
12/18e	1.34	(39.20)	(1.70)	0.0	N/A	N/A
12/19e	3.82	(57.75)	(2.51)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. The 2016 IPO increased shares in issue.

CAD-score: A clear indicator of low coronary risk

Acarix's diagnostic device (CADScor) is used to help doctors diagnose suspected coronary artery disease. It uses a highly sensitive microphone linked to a minimalist, self-contained processing module to record a patient's diastolic heart sounds. There is a single-use consumable patch. The CADScor V3 algorithm calculates a CAD-score rating. A negative test result was correct in 96% of tested patients, [Winther et al \(2017\)](#). The ongoing Dan-NICAD II study will enrol 2,000 patients with suspected stable coronary artery disease to add data and evaluate the test in patients aged 30–39. The planned 'Seismo' study with 200 patients aims to explore the use of CADScor for the early diagnosis of heart failure.

Some Q1 discounting but strong margins

Acarix sells CADScor devices bundled with single-use patches. In Q1 there were four units sold but revenues of SEK75k; at the expected SEK30k list price, we would expect about SEK120k, implying some discounting. The lower cost of units still enabled a 69% margin. There were 520 consumable patches sold for SEK155k, roughly as expected at a SEK30 price point. We have adjusted our 2018 sales forecast to SEK1.3m (formerly SEK1.5m) and expect a pickup in sales towards the end of 2018 as awareness of the product develops. Higher sales are possible from 2019 if German public reimbursement is gained but there is a high level of uncertainty. Acarix also sells in Denmark and Sweden and is in discussions in the UK. A new, experienced chief commercial officer, Per Persson, starts in August.

Valuation: Remains SEK19.46 per share

Our valuation assumes that sales develop more strongly from 2019 on German reimbursement; management has not issued any forward guidance. We assume a US trial, needed to support US sales forecasts from 2022, starts in 2019 with 2018 preparatory work; we have reduced the trial cost allocation in 2018 but increased marketing costs. Using a discounted cash flow model, a 12.5% discount rate and a terminal valuation, the indicative value is unchanged at SEK448m as the adjustments net out; this implies a fair value of SEK19.46. We will reassess our valuation as quarterly sales and cost data is released.

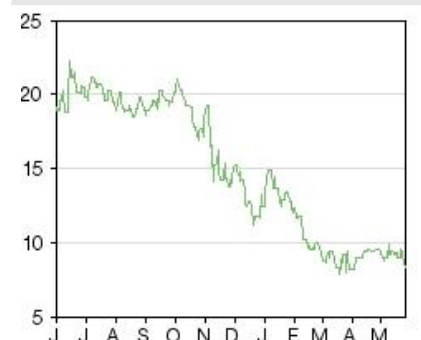
Healthcare equipment & services

30 May 2018

Price SEK8.40
Market cap SEK193m

Cash (SEKm) at 31 March 2018	94.2
Shares in issue	23.0m
Free float	29.7%
Code	ACARIX
Primary exchange	Nasdaq First North Premier
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(12.4)	(10.5)	(56.0)
Rel (local)	(12.7)	(11.6)	(55.4)
52-week high/low	SEK22.3	SEK7.9	

Business description

Acarix, a Swedish company with Danish origins, has developed the CE-marked CADScor to help doctors diagnose suspected coronary artery disease. About half of patients can be ruled out from further, expensive testing. Full EU sales may start from 2019. US sales might start from 2022.

Next events

Q2 results	21 August 2018
Q3 results	14 November 2018
2018 results	20 February 2019

Analyst

Dr John Savin MBA +44 (0)20 3077 5735

healthcare@edisongroup.com

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Exhibit 1: Financial summary

	SEK 000s	2016	2017	2018e	2019e
Year end 31 Dec		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		-	638	1,336	3,816
Cost of Sales		-	(208)	(359)	(1,164)
Gross Profit		-	430	977	2,652
EBITDA		(26,790)	(29,211)	(36,823)	(55,348)
Operating Profit (before GW and except)		(26,790)	(30,743)	(39,178)	(57,703)
Intangible Amortisation		-	(1,261)	(2,084)	(2,084)
Exceptionals		-	-	-	-
Operating Profit		(26,790)	(32,004)	(41,262)	(59,787)
Other		(24,250)	-	-	-
Net Interest		(15)	7	(25)	(50)
Profit Before Tax (norm)		(26,805)	(30,736)	(39,203)	(57,753)
Profit Before Tax (FRS 3)		(51,055)	(30,736)	(39,203)	(57,753)
Tax		2,815	960	-	-
Profit After Tax (norm)		(23,990)	(29,776)	(39,203)	(57,753)
Profit After Tax (FRS 3)		(48,240)	(29,776)	(39,203)	(57,753)
Average Number of Shares Outstanding (m)		13.1	23.0	23.0	23.0
EPS - normalised (ore)		(1.83)	(1.29)	(1.70)	(2.51)
EPS - FRS 3		(3.68)	(1.29)	(1.70)	(2.51)
Dividend per share (ore)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	67.4	73.1	69.5
EBITDA Margin (%)		N/A	(4,581)	(2,756)	(1,450)
Operating Margin (before GW and except.) (%)		N/A	(4,822)	(2,932)	(1,512)
BALANCE SHEET					
Fixed Assets		23,123	25,191	22,836	20,481
Intangible Assets		18,179	20,351	18,267	16,183
Tangible Assets		0	0	0	0
Acquired rights		4,944	4,840	4,569	4,298
Current Assets		150,163	108,865	72,016	16,618
Stocks		0	1,945	1,945	1,945
Debtors		1,643	2,468	2,468	2,468
Cash		145,895	103,457	67,603	12,205
Other		2,625	995	0	0
Current Liabilities		(17,771)	(5,118)	(5,118)	(5,118)
Creditors		(4,404)	(1,464)	(1,464)	(1,464)
Short term borrowings		0	0	0	0
Short term leases		0	0	0	0

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney +61 (0)2 8249 8342
Level 12, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia