

Realheart Decides on a Rights Issue of SEK 48.5 Million

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The board of directors of Scandinavian Real Heart AB (publ) ("Realheart" or the "Company") has, subject to the approval of the annual general meeting, resolved to carry out a rights issue of a maximum of 193,988,892 shares with preferential rights for existing shareholders (the "Rights Issue"). The date of the Annual General Meeting has been moved to June 7, 2024. The subscription period will take place from June 12 until and including July 5, 2024. In the event the Rights Issue is fully subscribed, the Company will receive approximately SEK 48.5 million before transaction costs. The Rights Issue is covered to approximately 50 percent through underwriting commitments and subscription commitments from current shareholders and external investors.

Summary of the Rights Issue

- In the event the Rights Issue is fully subscribed, Realheart will receive approximately SEK 48.5 million before issue costs.
- Approximately 50 percent of the Rights Issue is covered by underwriting commitments.
- The subscription period for the Rights Issue is planned to run from June 12, 2024 to July 5, 2024.
- Shareholders on the record date of June 10, 2024 will receive one (1) unit right for each share in the Company. One (1) unit right entitles the holder to subscribe for one (1) unit in the Rights Issue. One (1) unit consists of two (2) newly issued shares and one (1) free warrant of series TO3. The subscription price is SEK 0.5 per unit, corresponding to SEK 0.25 per share. The warrants are issued free of charge.

Background and reasons for the Rights Issue

Realheart is developing a Total Artificial Heart (TAH) for implantation in patients with life-threatening heart failure. The company's TAH has a patented design that incorporates a four-chamber system (two atria, two chambers) to generate a physiologically adapted blood flow that mimics the body's natural circulation.

Realheart has conducted several animal studies as part of the preclinical program that will form the basis of the first human clinical trial, the last animal trial was in April 2024. The results show that Realheart TAH gives rise to good heart function and low levels of harmful blood effects, while the survival time of the implanted animal exceeded previous trials. Overall, the results support that Realheart TAH has good potential to replace the human heart in the future. In addition, parallel blood studies show that Realheart TAH induces 80 percent less blood damage (hemolysis) compared to the market leader's artificial heart.

In 2024, Realheart will continue to optimize the surgical methodology to further improve survival times. In parallel, durability tests and blood analyses are being conducted as part of the preclinical studies. The goal is to initiate human clinical trials in 2025/2026. Realheart has an ongoing dialog with both the FDA in the US and the Notified Body in the EU to ensure regulatory compliance and approval for clinical studies.

Realheart is also focusing on strengthening the collaboration with strategic national and international suppliers and partners to ensure the development and production of TAH. To finance the preclinical studies and ensure successful results for clinical trials in 2025/2026, the company is now conducting a rights issue.

The proceeds from the Rights Issue of a maximum of approximately SEK 48.5 million are planned to be distributed according to the following order of priority and scope:

1. preclinical studies: approximately 78 percent
 - a. Blood tests and durability tests: 8 percent
 - b. Animal studies: 70 percent
2. regulatory work: approximately 4%
3. corporate costs: around 18%

Terms and conditions for the Rights Issue

- In the event of full subscription in the Rights Issue, the Company will receive proceeds of approximately SEK 48.5 million before transaction costs.
- Shareholders on the record date June 10, 2024 will receive one (1) unit right for each share in the Company. One (1) unit right entitles to subscribe for one (1) unit. One (1) unit consists of two (2) newly issued shares and one (1) warrant of series TO3.
- The subscription price is SEK 0.5 per unit, corresponding to SEK 0.25 per share. The warrants are issued free of charge.
- The rights issue entails an issue of a maximum of 96,994,446 units, corresponding to 193,988,892 shares and 96,994,446 warrants of series TO3.
- The rights issue is conditional upon the Annual General Meeting on June 7, 2024 resolving on the necessary amendments to the Articles of Association. For more information, please refer to the notice to the Annual General Meeting, which will be published in a separate press release.

Terms for the warrants of series TO3

- Two (2) warrants of series TO3 entitle the holder to subscribe for one (1) new share in the Company. The subscription price when subscribing for shares with the support of the warrants amounts to seventy (70) percent of the volume-weighted average price of the Company's share ten (10) days before the subscription period.
- The warrants may be exercised for subscription of new shares during the period from March 3, 2025 up to and including March 31, 2025.
- Subscription of shares through warrants of series TO3 entails an increase at full subscription of a maximum of 48,497,223 shares.

- The warrants of series TO3 are expected to be admitted to trading on Nasdaq First North Growth Market in close connection with the registration with the Swedish Companies Registration Office and Euroclear and the conversion of BTUs into shares and warrants.

Change in number of shares and share capital and dilution

- In the event of full subscription in the Rights Issue, the number of shares in the Company will increase by a maximum of 193,988,892 shares, from 96,994,446 shares to a maximum of 290,983,338 shares.
- The share capital will increase by a maximum of SEK 7,759,555.68, from SEK 3,879,777.84 to a maximum of SEK 11,639,333.52, calculated based on the proposed new quota value of SEK 0.04 per share after the reduction of the share capital, for more information please refer to the notice to the Annual General Meeting, which will be published in a separate press release.
- The dilution effect amounts to a maximum of 66.7 percent of the total number of shares and votes in the Company.
- In the event of full exercise of warrants of series TO3, the number of shares in the Company will increase by a maximum of 48,497,223 shares, which means that the share capital can increase by an additional SEK 1,939,888.92. The share capital is calculated based on the proposed new quota value of SEK 0.04 per share after reduction of share capital, for more information please refer to the notice to the Annual General Meeting, which will be published in a separate press release.
- The dilution effect amounts to a maximum of 14.3 percent.

EU Growth Prospectus

Full terms and conditions of the Rights Issue and other information about the Company will be set out in the EU Growth Prospectus expected to be published by the Company on or about June 11, 2024 (the "Prospectus").

Subscription commitments and underwriting commitments

The Company has received subscription commitments of approximately SEK 602,905, corresponding to approximately 1.2 percent of the Rights Issue, and underwriting commitments of approximately SEK 23.7 million, corresponding to approximately 48.8 percent of the Rights Issue. The Rights Issue is thus covered to approximately 50 percent by subscription commitments and underwriting commitments. EIC (European Innovation Council) is positive towards participating in the transaction. However, under its regulations, the EIC is not able to enter into underwriting or subscription commitments. They must also take into account that their final shareholding in the Company may not exceed 20 percent. Underwriting compensation is paid at fifteen (15) percent of the underwritten amount if the underwriters choose cash compensation or at twenty (20) percent of the underwritten amount if the underwriters choose compensation in the form of newly issued units. If the underwriters choose to receive compensation in newly issued units, the Board of Directors will decide on a directed issue of such units based on the authorization from the Annual General Meeting on 7 June 2024. In the event of compensation in the form of units, the subscription price is SEK 0.50 per unit, corresponding to SEK 0.25 per share, as per the terms of the Rights Issue. The warrants are issued free of charge.

No compensation is paid for the subscription commitments. Neither the subscription nor the underwriting commitments are secured by bank guarantee, blocked funds, pledge or similar arrangements.

Preliminary timetable for the Rights Issue

Annual General Meeting	June 7, 2024
Last day of trading in the Company's shares including the right to receive unit rights	June 5, 2024
First day of trading in the Company's shares excluding the right to receive unit rights	June 7, 2024
Record date for participation in the Rights Issue	June 10, 2024
Estimated date for publication of EU Growth Prospectus	June 11, 2024
Subscription period in the Rights Issue	June 12 - July 5, 2024
Trading in unit rights (UR)	June 12 - July 2, 2024
Preliminary date for publication of outcome in the Rights Issue	July 9, 2024
Trading in paid subscribed units (BTU)	From 12 June until around week 30, 2024

Advisors

Skills Corporate Finance Nordic AB is acting as financial advisor and Setterwalls Advokatbyrå AB is acting as legal advisor to Realheart in connection with the Rights Issue.

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About Scandinavian Real Heart AB

Scandinavian Real Heart AB is developing a Total Artificial Heart (TAH) for implantation in patients with life-threatening heart failure. The company's TAH has a patented design that includes a copy of the natural human heart. The Realheart® TAH incorporates a four-chamber system (two atria, two chambers) which provides the ability to generate a physiologically adapted blood flow that mimics the body's natural circulation. A concept that is unique in the medical device world.

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A prospectus relating to the Rights Issue described in this press release will be published by the Company on or around June 11, 2024. However, this press release is not a prospectus within the meaning of the Prospectus Regulation. This press release constitutes advertising within the meaning of Article 2(k) of the Prospectus Regulation. Full information regarding the Rights Issue can only be obtained through the Prospectus. Realheart has not authorized any offer to the public of shares or rights in any other member state of the EEA other than Sweden. This press release does not identify or purport to identify any risks (direct or indirect) that may be associated with an investment in new shares. An investment decision to acquire or subscribe for new shares in the Rights Issue may only be made on the basis of publicly available information, which has not been verified by the Company's financial advisor. The financial advisor is acting on behalf of the Company in connection with the transaction and not on behalf of anyone else. The Financial Adviser is not responsible to anyone else for providing the protection afforded to their clients or for providing advice in connection with the transaction or in respect of anything else referred to herein.

Information for distributors

For the purpose of complying with the product governance requirements contained in: (a) Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as consolidated, ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593, which complements MiFID II; and (c) national implementing measures (together, the "MiFID II Product Governance Requirements") and in order to discharge itself from any non-contractual, regulatory or other liability to which any "manufacturer" (within the meaning of the MiFID II Product Governance Requirements) might otherwise be subject, Realheart's shares have been subject to a product approval process, which has determined that such shares are: (i) suitable for a target market of retail investors and investors meeting the criteria of professional clients and eligible counterparties, as defined in MiFID II; and (ii) suitable for distribution through all distribution channels permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of Realheart's shares may decline and investors may lose all or part of their investment; Realheart's shares do not carry any guarantee of return or capital protection; and an investment in Realheart's shares is suitable only for investors who do not need a guaranteed return or capital protection and who (alone or with the assistance of an appropriate financial or other adviser) are capable of evaluating the merits and risks of such investment and who have sufficient resources to bear the losses that such investment may result in. The Target Market Assessment is without prejudice to any other requirements relating to contractual, legal or regulatory selling restrictions in connection with the Rights Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares of Realheart.

Each distributor is responsible for conducting its own target market assessment in respect of Realheart's shares and for determining appropriate distribution channels.

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About Us

Scandinavian Real Heart is active in medical technology. The company conducts research and development in observations of the physiology of the heart. The development of the company's product, a complete artificial heart (TAH), takes place in collaboration with cardiac surgeons, researchers and engineers. The focus is on developing patented solutions that can imitate the blood circulation of the natural human heart. The solutions are intended for use by patients diagnosed with heart failure.



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