



Realheart Carries out new Issues of Shares of Maximum SEK 73 Million

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, JAPAN, SOUTH AFRICA OR AUSTRALIA OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

Press Release, 15 May, 2023

The board of directors of Scandinavian Real Heart AB (publ) ("Realheart" or the "Company") has, subject to approval from the annual general meeting, decided to carry out a rights issue of up to 34,979,248 units with preferential rights for existing shareholders (the "Rights Issue"). The date for the annual general meeting has been moved to 14 June 2023. The subscription period will take place from 20 June until and including 7 July 2023. In the event the Rights Issue is fully subscribed, the Company will be provided with approximately SEK 56 million before transaction costs. The Rights Issue is covered to approximately 60.6 percent through subscription commitments and underwriting commitments from current shareholders and external investors. In addition to the Rights Issue, the Board of Directors propose a directed issue (the "Directed Issue") of approximately 1.5 million EUR to the European Innovation Council's ("EIC") Accelerator which, per today's exchange rate of 11.3 SEK per EUR corresponds to approximately SEK 17 million.

Summary

- In the event the Rights Issue is fully subscribed, Realheart will receive approximately SEK 56 million before transaction costs.
- The Rights Issue is covered to approximately 9.5 percent through subscription commitments from existing shareholders and to approximately 51.2 percent through underwriting commitments. Thus, the Rights Issue is secured to 60.6 percent through subscription commitments and underwriting commitments.
- The subscription period in the Rights Issue is set to take place from 20 June 2023 until and including 7 July 2023.
- Existing shareholders will receive one (1) unit right for each share held in the Company on the record date on June 16, 2023. 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) warrant of series TO2. The subscription price is SEK 1.6 per unit, corresponding to SEK 0.8 per share. The warrants are issued free of charge.

Background and motive to the Rights Issue

Realheart develops a total artificial heart (TAH) for implantation in patients with life-threatening heart failure. Realheart TAH has a patented design that resembles that of the natural human heart. The artificial heart consists of a four-chamber system (two atria and two ventricles) designed to generate a physiological blood flow pattern that mimics the body's natural circulation – a unique concept in the medical technology world.

The clinical version of Realheart TAH, i.e. the version that will eventually be used in humans, was fully developed in 2022 and began to be tested in preclinical studies. During the animal trials, Realheart was able to gradually increase survival time from one to four days. In addition, several other key TAH performance criteria were confirmed, including no signs of hemolysis (damage to red blood cells) or thromboembolic events (blood clots) in combination with a good left-right balance and a pulsatile blood flow and natural blood pressure. In 2023, the Company will continue to conduct animal trials as well as reliability studies and blood tests in order to meet the FDA's requirements for starting clinical studies in humans. Realheart aims to start human clinical studies in 2024 and has regular dialog with both the FDA in the US and the Notified Body in the EU. Realheart also focuses on negotiating and signing agreements with strategically important national and international suppliers and partners who will contribute to the development and production of Realheart TAH.

To be able to further fund the preclinical studies and generate successful results, with the ambition to begin human clinical trials during 2024, Realheart is conducting a Rights Issue.

The capital from the Rights Issue of maximum approximately SEK 56 million will be allocated to the following areas of application, in order of priority:

1. Preclinical studies: approximately 75 percent
 - a. Blood tests and reliability tests: 25 percent
 - b. Animal trials: 50 percent
2. Regulatory work: Approximately 5 percent
3. Operational costs: Approximately 20 percent

Terms for the Rights Issue

- In the event of full subscription in the Rights Issue, the Company is provided approximately SEK 56 million before transaction costs.
- The subscription period for units will take place from 20 June 2023 until and including 7 July 2023.
- Existing shareholders will receive one (1) unit right for each share held in the Company on the record date 16 June 2023. One (1) unit right entitles the holder to subscribe for one (1) unit. One (1) unit consists of two (2) newly issued shares and one (1) warrant of series TO2.
- The subscription price per unit is SEK 1.6, corresponding to SEK 0.8 per share. The warrants are issued free of charge.
- In the Rights Issue, a maximum number of 34,979,248 units will be issued, corresponding to 69,958,496 shares and 34,979,248 warrants of series TO2.

Terms for the Warrants of series TO2

- Two (2) warrants of series TO2 entitles the holder to subscribe for one (1) new share in the Company. The subscription price for shares through the exercise of warrants corresponds to 70 percent of the volume-weighted average price paid for the Company's shares ten (10) days prior to the subscription period, but not more than SEK 2.
- The exercise period for the warrants of series TO2 will take place during the period 2 January 2025-31 January 2025.
- Upon full exercise of the warrants of series TO2, the number of shares will increase by a maximum of 17,489,624.

- The warrants of series TO2 are expected to be admitted to trading on Nasdaq First North Growth Market in close connection to the Rights Issue's registration at the Swedish Companies Registration Office and Euroclear and the BTU's conversion to ordinary shares and warrants.

The Directed Issue

In addition to the Rights issue, the Board of Directors propose a Directed Issue of approximately 1.5 million EUR to the EIC Innovation Council's (EIC) Accelerator on the same terms as in the Rights Issue. The Directed Issue is conditional on the implementation of the Rights Issue. Further information will be provided in a separate press release.

Change in number of shares and share capital as well as dilution

In the event of full subscription in the Rights Issue, the amount of shares in the Company may increase by 69,958,496, from 34,979,248 to maximum 104,937,744 and the share capital may increase by maximum SEK 6,995,849.6, from SEK 3,497,924.8 SEK to maximum SEK 10,493,774.4, corresponding to a maximum dilution effect of 66.7 percent of the number of shares and votes in the Company.

In the event of full exercise of the warrants of series TO2, the amount of shares in the Company may increase by maximum 17,489,624, from 104,937,744 to maximum 122,427,368 and the share capital by maximum SEK 1,748,962.4, from SEK 10,493,774.4 SEK to maximum SEK 12,242,736.8 corresponding to a maximum dilution effect of 14.3 percent of the number of shares and votes in the Company.

EU growth Prospectus

Full terms and conditions for the Rights Issue and other information about the Company will be available in the EU growth prospectus, which is expected to be published by June 19, 2023 (the "Prospectus").

Subscription commitments and underwriting commitments

The Company has obtained subscription commitments of approximately SEK 5.3 million, corresponding to approximately 9.5 percent of the Rights Issue and approximately SEK 28.6 million of underwriting commitments, corresponding to approximately 51.2 percent of the Rights Issue. In total, the Rights Issue is covered to approximately 60.6 percent of subscription commitments and underwriting commitments.

Underwriting compensation of fifteen (15) percent of the guaranteed amount is paid if the underwriters choose compensation in the form of cash or seventeen point five (17.5) percent of the guaranteed amount if the underwriters choose compensation in the form of new issued units. If the underwriters choose to receive the underwriting compensation in new issued units, the board will decide to issue such new units with the authorization from the annual general meeting to be held on 14 June 2023. For remuneration in the form of Units, the issue price is the market price of the share minus a market discount (approximately 10%). The warrants are issued free of charge. No compensation is paid for the subscription commitments. Neither the subscription commitments nor the underwriting commitments are secured by bank guarantee, blocking measures, pledges, or similar arrangements.

Indicative time table for the Rights Issue

General meeting	June 14, 2023
Last day of trading in the Company's shares including the right to receive unit rights	June 14, 2023
First day of trading in the Company's shares excluding the right to receive unit rights	June 15, 2023
Record date for participation in the Rights Issue	June 16, 2023

Estimated date for publication of EU growth prospectus	June 19, 2023
Subscription period for the Rights Issue	June 20 – July 7, 2023
Trading with unit rights (UR)	June 20 – July 4, 2023
Trading with BTU	June 20 – approximately week 30, 2023
Estimated date for publication of Rights Issue results	July 12, 2023

Advisers

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

Important information

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in the Company in any jurisdiction where such offer would be considered illegal. This press release does not constitute an offer to sell or an offer to buy or subscribe for shares issued by the Company in any jurisdiction where such offer or invitation would be illegal. In a member state within the European Economic Area ("EEA"), shares referred to in the press release may only be offered in accordance with applicable exemptions under the Prospectus Regulation.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States, Canada, Japan, South Africa or Australia, or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

A prospectus regarding the Rights Issue described in this release will be published by the Company on or about 19 June 2023. This release is however not a prospectus in accordance to the definition in the Prospectus Regulation. In accordance with article 2 k of the Prospectus Regulation this press release constitutes an advertisement. Complete 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. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation. This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision in connection with the Rights Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Company's financial adviser. The financial adviser is acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Realheart have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Realheart may decline and investors could lose all or part of their investment; the shares in Realheart offer no guaranteed income and no capital protection; and an investment in the shares in Realheart is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to 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 in Realheart.

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

This disclosure contains information that Real Heart is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information in this press release has been published through the agency of the contact persons set out below, at the time stated by Scandinavian Real Heart AB's news distributor Cision upon publication of this press release.

For more information please contact:

Ina Laura Perkins, CEO

Phone: +46(0)70 406 49 21

E-mail: inalaura.perkins@realheart.se

Certified Adviser: Svensk Kapitalmarknadsgranskning AB, www.skmg.se

Scandinavian Real Heart AB develops a total artificial heart (TAH) for implantation in patients with life-threatening heart failure. Realheart® TAH has a patented design that resembles that of the natural

human heart. The artificial heart consists of a four-chamber system (two atria and two ventricles) designed to generate a physiological blood flow pattern that mimics the body's natural circulation. A unique concept in the medical technology world.