

Press release 5 November 2018

BrainCool AB (publ) draws down a third tranche of convertible notes of SEK 5 million

BrainCool AB (publ) ("BrainCool" and the "Company") has signed an amendment agreement relating to the investment agreement entered into on 22 November 2017 with European Select Growth Opportunities Fund (the "Investor") and draws down a third tranche of SEK 5 million under the investment agreement.

BrainCool entered into on 22 November 2017 an investment agreement with the Investor (the "**Agreement**"). On 4 November 2018, BrainCool and the Investor signed an amendment agreement relating to the Agreement (the "**Amendment Agreement**") providing inter alia:

- In order to facilitate the administrative process in relation to the issuance of tranches, the Investor and the Company have agreed that the issuance of warrants can be postponed.
- The issuance of warrants under a tranche can be postponed to the earlier of:
 - i) the date of issuance of a next tranche; and
 - ii) the 6-month anniversary of the date of registration of the convertible notes (the "**Notes**") of the applicable tranche for which the issuance of warrants has been postponed, unless otherwise agreed between the Investor and BrainCool.
- Such possibility to postpone the issuance of warrants has been agreed between the Investor and the Company in order to limit the number of different series of warrants and shareholders warrants and to maintain a visible and simplified structure of the instruments already admitted to trading on Spotlight Stock Market. One consequence is that the Amendment Agreement contains some amendments required in relation to the calculation of the warrant exercise price for the postponed warrants. For example, if the warrants of the third tranche are postponed and are issued together with the fourth tranche, their exercise price will be equal to 130% of the lower of (i) the lowest daily volume weighted average price over the 15 trading days preceding the request for the issuance of the third tranche and (ii) the lowest daily volume weighted average price over the 15 trading days preceding the request for the issuance of the fourth tranche.
- For the avoidance of doubt, upon issuance of warrants to the Investor, warrants having the same characteristics will still be granted simultaneously to BrainCool's shareholders.

On the same evening, 4 November 2018, BrainCool's board of directors decided (i) to draw down the third tranche of SEK 5 million pursuant to the Agreement, as amended, and (ii) to issue the Notes under this third tranche. The Investor and the Company have agreed that the

warrants related to this third tranche of SEK 5 million of Notes will be postponed to a later tranche in accordance with the Amendment Agreement. Such issuance is implemented within the limitations of the authorization from the shareholders' meeting held on 4 May 2018.

The capital received under this third tranche will continue to be used for BrainCool's expanding operations in the US. Within business segment Pain Management, the capital will be allocated towards enhancing Cooral System applications for oral mucositis and neuropathy.

Highlights about the third tranche:

- Third tranche is carried out through the issuance of 50 Notes.
- The Notes have a principal amount of SEK 100,000 each. They bear no interest and have a maturity of 12 months from the date of the registration of their issuance with the Swedish Companies Registration Office. During their term, the Investor may request to convert any or all of the Notes at a variable conversion price representing a 7.5 % discount to the lowest daily volume weighted average price over the 15 trading days preceding the conversion date.
- Upon such conversion request, BrainCool has the option to remit, at its discretion, cash, shares in the Company or a combination of both. This characteristic will enable BrainCool to manage the potential dilution resulting from the Notes.

For terms and conditions of the Notes, please visit BrainCool's website:

<http://www.braincool.se/investor-relations-2/>

For more information

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About BrainCool AB (publ)

BrainCool AB (publ) is an innovative medical device company that develops, markets, and sells leading medical cooling systems for indications and areas with significant medical benefits within the healthcare sector. The company focuses on two business segments, Brain Cooling and Pain Management. BrainCool AB (publ) is based in Lund, Sweden, and its share is listed on Spotlight Stock Market.

This information is information that BrainCool (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out herein, on November 5, 2018.