



brain⁺

ANNUAL REPORT

2021

The Annual General Meeting adopted
the annual report on May 18th, 2022

Chairman of the meeting

BRAIN+ A/S › KØBMAGERGADE 53, 3. COPENHAGEN K, DENMARK › BUSINESS REG NO. 36439440 › BRAIN-PLUS.COM



BRAIN+ LANDS FIRST LARGE-PHARMA PARTNERSHIP DEAL TO ENTER THE GERMAN MARKET FOR DEMENTIA PRODUCTS

COMPANY ANNOUNCEMENT NO. 4-2021

Wednesday, December 15th, 2021

Financial report for the period
January 1st, 2021 - December 31st, 2021

TABLE OF CONTENTS

BRAIN+ AT A GLANCE	8
THE PROBLEM WE ADDRESS	9
THE POTENTIAL OF OUR DIGITAL THERAPEUTICS	9
OUR VISION	9
OUR MISSION	9
THE SOLUTION WE PRESENT	9
DIGITAL THERAPEUTICS HAVE BROAD POTENTIAL	9
PERSONALIZED, DATA-DRIVEN MEDICINE	10
OUR DNA	10
OUR TECHNOLOGY & PRODUCTS	10
COMPETITIVE ADVANTAGE & PROTECTION	12
TEAM	12
PARTNERS & COLLABORATORS	12
OVERVIEW OF OUR TECHNOLOGIES & PRODUCTS	13
STATEMENT FROM THE CHAIRMAN	17
MESSAGE FROM THE CEO	19
MANAGEMENT COMMENTARY	20
PRIMARY ACTIVITIES	20
DEVELOPMENT IN ACTIVITIES AND FINANCES	20
THE JOURNEY TO LAUNCH A DEMENTIA TREATMENT	20
KEY FIGURES	21
FUNDING	21
PUBLICLY TRADED WARRANTS ISSUED AT IPO	21
INVESTMENTS	22
ACCOUNTING CORRECTION	22
MERGER AND JOINT TAXATION	22
EVENTS AFTER THE BALANCE SHEET DATE	23
BERTIL STENGAARD JESSEN APPOINTED CFO OF BRAIN+	23
POSITIVE RESULTS OF COGNITIVE TEST FOR EARLY ALZHEIMER'S DISEASE DETECTION	23
BRAIN+ WAS SELECTED TO JOIN BIOGEN & EIT HEALTH'S NEUROTECHPRIZE PROGRAM AND THE DANISH-GERMAN CARE ALLIANCE	23
OUTLOOK FOR 2022	24
CLINICAL RESEARCH PROGRAM	25
6 ONGOING TRIALS ON 3 CORE TECHNOLOGIES	25
KEY EVENTS & MILESTONES	26
MILESTONES & DEVELOPMENT HISTORY OF BRAIN+	27
4 TRIALS HAVE BEEN SUCCESSFULLY COMPLETED ON 3 TECHNOLOGIES	27
RISK FACTORS	28
CLINICAL DEVELOPMENT TRIAL PROGRAMS	28
MEDICAL DEVICE REGULATIONS ("MDR")	28
COMPETITION	29
RISK FACTORS - IMPACT ASSESSMENT	29
CORPORATE GOVERNANCE	30
EXECUTIVE TEAM	31
BOARD OF DIRECTORS	31

MANAGEMENT'S STATEMENT	32
INDEPENDENT AUDITORS' REPORT	33
TO THE SHAREHOLDERS OF BRAIN+ A/S	33
COMPANY DETAILS	36
ACCOUNTING POLICIES	37
GENERAL INFORMATION	37
INCOME STATEMENT	38
BALANCE SHEET	40
ACCOUNTING POLICIES CASH FLOW STATEMENT	43
INCOME STATEMENT	44
BALANCE SHEET AS OF DECEMBER 31ST	45
STATEMENT OF CHANGES IN EQUITY	47
CASH FLOW STATEMENT	48
NOTES	49
1. CORRECTION OF FUNDAMENTAL ERRORS REGARDING THE PREVIOUS YEAR	49
2. STATEMENT OF CHANGES IN EQUITY 2020	50
3. OTHER OPERATING INCOME	50
4. STAFF EXPENSES	50
5. DEPRECIATION OF EQUIPMENT AND INTANGIBLE ASSETS RECOGNIZED IN PROFIT OR LOSS	50
6. OTHER FINANCE INCOME	51
7. TAX EXPENSE	51
8. COMPLETED DEVELOPMENT PROJECTS	51
9. DEVELOPMENT PROJECTS IN PROGRESS	51
10. DEVELOPMENT PROJECTS SPECIAL PREREQUISITES	52
11. FIXTURES, FITTINGS, TOOLS AND EQUIPMENT	52
12. EARNINGS PER SHARE	53
13. PROVISIONS FOR DEFERRED TAX	53
14. LONG-TERM LIABILITIES	53
15. DEFERRED INCOME, LIABILITIES	54
16. CONTINGENT LIABILITIES	54
17. WARRANTS	55



THE BRAIN+ MISSION IS TO RESTORE INDEPENDENCE AND QUALITY OF LIFE FOR PEOPLE WITH DEMENTIA AND ALZHEIMER'S DISEASE, THE MOST COMMON CAUSE OF DEMENTIA, BY DETECTING AND EFFECTIVELY TREATING THE COGNITIVE DECLINE ASSOCIATED WITH THESE MEDICAL CONDITIONS.



DID YOU KNOW THAT...

#1

Brain disorders are the #1 cause of disability and effective treatments are severely lacking.

\$2 TRILLION

in estimated societal costs of dementia globally in 2030.

50 MILLION

people have been diagnosed with dementia today.

152 MILLION

people expected to be diagnosed in 2050.

1 IN 3

seniors die with dementia.

brain+

WWW.BRAIN-PLUS.COM



MANAGEMENT'S REVIEW

2021 AT A GLANCE

OPERATIONAL

- **Secured first strategic partnership** with large pharma company in the main target market, Germany.
- **Acceleration of the expected launch** of the company's first Digital Therapeutics product for dementia treatment, Cognitive Stimulation Therapy – Therapist Companion, in Denmark and Germany in 2023 (from original plan of 2025).
- **Successful listing on Nasdaq First North Denmark**, which raised the financing needed to accelerate activities and advance R&D pipeline.
- **5 ongoing clinical trials and design and planning of a 6th trial progressed** in 2 large grant funded innovation projects with partner universities Oxford, Nottingham, Aarhus.
- **Recruiting of full clinical, technology and regulatory team** (incl. Chief Technology Officer and Sr. Regulatory Affairs manager).
- **Initiation and lead of a Eurostars' grant project**, to develop a new mechanism of action for cognitive training targeting people-at-risk of dementia, especially Mild Cognitive Impairment.

FINANCIAL

DKK

40.4M

2021 Year end
Market cap*

DKK

-7.3M

2021 Profit/loss from
ordinary operating
activities

DKK

9.7M

2021 Staff expenses

DKK

8.6M

2021 Net increase
(decrease) in cash and
cash equivalents

Gross profit
(DKK million)

6.7M



2020

2021

2022
(Guidance)

LIQUIDITY AND CAPITAL RESOURCES

DKK

10.0M

2021 Ultimo cash and cash
equivalents

DKK

20.6M

2021 Ultimo equity

*Market cap is calculated by multiplying the total outstanding shares 11,815,912 by the share closing price DKK 3.42 on December 30th, 2021.





DEMENTIA IS PROJECTED TO BECOME A LEADING CAUSE OF DEATH AND HEALTH CARE COSTS

BRAIN+ AT A GLANCE

Brain+ is a pioneer in developing medical software to detect and treat the cognitive symptoms of dementia, and the most common cause of dementia, namely Alzheimer's disease. This approach is also referred to as Digital Therapeutics.

Digital Therapeutics are a relatively new sub-group of medicine that delivers evidence-based therapeutic interventions to patients. Driven by high quality software programs, Digital Therapeutics can help both to prevent, manage, and treat a medical disorder or disease. Digital Therapeutics can be used independently or in combination with traditional medications, devices, or other therapies to optimize patient care and health outcomes.

THE PROBLEM WE ADDRESS

Dementia is a terrible condition, crippling a person's independence and putting a heavy burden also on the family. This puts an enormous emotional burden on the patients and their loved ones. Cognitive abilities deteriorate, behaviors change, and independence is lost. The complexity of the underlying pathology of dementia has so far made it hard for traditional pharmaceutical companies to deliver effective treatments, and there is an increasing focus on new non-drug therapies that can pave the way to help relieve the heavy burden of dementia – for people living with the disease, their relatives and healthcare systems. With an aging population, dementia – and in particular Alzheimer's dementia – is a growing problem, threatening to overwhelm the health care systems of the world.

THE POTENTIAL OF OUR DIGITAL THERAPEUTICS

Currently, 50 million people are diagnosed with dementia globally, and this number is expected to triple to more than 152 million people by 2050. In the US, 1 in 3 seniors die with, or of, dementia.

In 2030, the global costs of dementia are expected to exceed \$2 trillion (or equal to 2/3rds of the entire health care budget of the USA), 1 in 3 people die from dementia in the US today, and in the UK it is already the leading cause of death for women. The estimated market potential for digital dementia treatments is approximately \$5 billion (for comparison the global market for digital diabetes management was valued at \$6 billion in 2019 and is projected to reach \$17 billion in 2026). Tapping into this market with effective digital solutions has the potential to generate revenue of hundreds of millions \$. Brain+ aims to commercialize its products based on licensing deals with strategic commercial partners for faster market penetration and global scaling.

OUR VISION

To make effective dementia treatments available to everyone, as digital medicine.

OUR MISSION

To restore independence and quality of life for people with dementia and Alzheimer's disease, the most common cause of dementia, by detecting and effectively treating the cognitive decline associated with these medical disorders.

THE SOLUTION WE PRESENT

Together with world-leading experts and institutions, we digitize the best-in-class, non-drug dementia therapies, and make them broadly available on standard digital devices – for use both in people's homes and at the clinics. A digital therapy simply means that a person receiving the treatment must actively do something, and interact with a software program or another person, which is stimulating to the brain, or which results in changes in behavior that brings measurable health and quality of life benefits. Our Digital Therapeutics solutions also benefit the patient caregivers in their work and can help ease the pressure on health care systems.

DIGITAL THERAPEUTICS HAVE BROAD POTENTIAL

Digital Therapeutics can be used on their own in combination with traditional pharmaceuticals. We believe the future will combine the best of both the digital and the pharmacological world for mutually enhanced benefit, including compliance, patient engagement and mechanisms of action for better health outcomes. Specifically, while pharmaceuticals target the underlying disease, e.g. Alzheimer's, the Digital Therapeutics target the cognitive and behavioral symptoms that make up the dementia diagnosis – whatever its cause – thus creating a powerful synergy when administered in concert.



PERSONALIZED, DATA-DRIVEN MEDICINE

We believe another unique and valuable benefit of digital medicine is that it allows for the collection and use of valuable healthcare data. Such data can be used to create tailored and more effective personalized therapies and help improve clinical and scientific practice, while always adhering to strict ethical standards of personal data protection.

OUR DNA

We are a digital biotech company. Our technologies and products are being built on a deep understanding of the challenges and needs associated with dementia. They are rigorously tested, scientifically and clinically validated, and regulated as software-as-medical-devices (software-as-treatments). Our products will be prescribed by health care professionals and paid for by health insurance or state health care.

OUR TECHNOLOGY & PRODUCTS

We have developed three core technologies, which are undergoing clinical validation and further iterative development.

1. Our first core technology is a digitalized version of Cognitive Stimulation Therapy, an existing therapy that treats the main symptoms of dementia. This technology is the basis for our first dementia treatment product, Cognitive Stimulation Therapy – Therapist Companion, which is initially planned for launch in Denmark and Germany in 2023.

2. Our second core technology is Computerized Cognitive Training, which is comparable to fitness exercises for the brain. We are developing the 2nd generation of this technology for use in the pre-stages to dementia, like mild cognitive impairment or in people with memory complaints and other high-risk groups for developing dementia. This technology will be the basis for products that aim to counteract cognitive decline in these risk groups.
3. Our third core technology is Starry Night, a special memory test originally developed by Professor Masud Husain at Oxford University. We are co-developing a scaleable, gamified version with the aim of enabling improved and earlier detection and monitoring of Alzheimer's disease progression.



1 IN 3

seniors die with, or of, dementia in the US.

152 MILLION

people expected to be diagnosed in 2050.

#1 CAUSE OF DEATH

for women in the UK.

\$5 BILLION

in estimated market potential for digital dementia treatments.

50 MILLION

people are diagnosed with dementia globally.

\$2 TRILLION

in estimated societal costs of dementia globally in 2030.



COMPETITIVE ADVANTAGE & PROTECTION

Brain+ has a unique corporate profile in the sense that we combine elements from both a technology company and a life science company. The advantages thereof include; proprietary technologies/mechanisms of actions, which are kept secret and continuously developed and updated; intellectual property rights and legal agreements with partners and employees, IPR strategy and processes; building of critical mass in terms of clinical evidence, data, regulatory certifications, trusted partnerships and reputation with the key opinion leaders in the academic-, clinical- and patient communities; market first-mover advantages in terms of clinicians developing preferences for and building knowhow in our products.

TEAM

Over +10 years, we have built a strong knowledge base, considerable knowhow and a network of global expert collaborators. Our technology portfolio is the result of over €10 million in R&D Investments. The investments into R&D have been part equity and part grant funded in syndication with project partners. In syndication with partners, we have signed additional grant funded R&D projects running until 2024 (see grant overview on page 27). This puts us in a unique position to become a global market leader in Digital Therapeutics solutions for dementia and Alzheimer's. We have a senior management team with a combined 100 years of relevant industry track record, with backgrounds from internationally leading MedTech and pharma companies including Coloplast, Lundbeck, Novartis, and GN Hearing. This provides us with the solid backbone needed to fulfill our mission and change the way we treat and deal with dementia on a global scale.

PARTNERS & COLLABORATORS

We believe the best outcomes are achieved through collaboration, and we, therefore, partner with the best minds and hearts in our eco-system; pharmaceutical leaders in the Alzheimer's disease market, such as Biogen and RoX Health, a subsidiary of Roche Germany, academic & clinical partners, such as universities of Oxford, Nottingham, Aarhus, and Gothenburg; patient organizations and NGOs, such as Alzheimer Europe, Alzheimer's Disease International, and the European Brain Council.

In summary, Brain+ is in a unique position to become a market leader in Digital Therapeutics for dementia and Alzheimer's disease given our cutting-edge technologies, our partnerships with thought leaders and key players in the dementia space, and a highly competent team to execute.

OVERVIEW OF OUR TECHNOLOGIES & PRODUCTS

Brain+ has developed three core technologies, which are undergoing clinical validation and iterative development.

1. Cognitive Stimulation Therapy - for the treatment of dementia

Our first core technology is digitalized Cognitive Stimulation Therapy, a dementia therapy that treats the main cognitive symptoms of dementia to improve a person's independence and quality of life. It is a guided talk therapy that deeply engages the person with dementia in social interactions, conversations, and structured memory activities, which stimulate the brain.

Next key milestone

This technology is the basis of our first dementia treatment product, Cognitive Stimulation Therapy – Therapist Companion, which we develop in collaboration with RoX Health and expect to launch an initial version of in Denmark and Germany in 2023.

Long-term objective

Launch of Cognitive Stimulation Therapy - Therapist Companion in additional markets and of additional product versions that enable home use and make Cognitive Stimulation Therapy treatments widely available to people living with dementia.

2. Computerized Cognitive Training – for the treatment of earlier stages of Alzheimer's

Our second core technology is Computerized Cognitive Training, which is comparable to fitness exercises for the brain and is designed to train certain brain functions so that they adapt. Early versions of this technology have been tested in various disease areas, which has so far shown feasibility in Parkinson's patients and efficacy in people with chronic brain injury in a clinician-assisted program. These disease groups correlate with dementia in terms of the overlapping cognitive symptoms, and they are also high-risk groups for later developing dementia. These results are being used to design a next generation of Computerized Cognitive Training that is suitable for the treatment of cognitive symptoms in people, who are in the earlier stages of Alzheimer's disease and dementia, and the mild stage dementia. The next generation of Computerized Cognitive Training will both add new mechanisms of action and build on the technologies already developed in the first generation. The current goal of this technology track within research & development is to prove efficacy in critical pre-stages to dementia, like mild cognitive impairment or in people who are otherwise in high-risk groups for developing dementia.

Next key milestone

Get our 2nd generation Computerized Cognitive Training validated in people-at-risk of dementia, as part of the Brain+ Eurostars-funded innovation projects called ACTTDCS. The ACTTDCS project ends in Q4 2023 and we expect the clinical results shortly after.

Long-term objective

Partner with a strategic industry partner to co-develop and launch a product based on Computerized Cognitive Training for people-at-high-risk of developing dementia.

3. Starry Night memory test – for early detection and monitoring of Alzheimer's

The third core technology is a special memory test, currently named 'Starry Night', which was originally developed by Professor Masud Husain at Oxford University, and then further co-developed, gamified and made scalable with Brain+. The original test has proven to be sufficiently sensitive to detect pre-symptomatic Alzheimer's disease, and



the current clinical research program is validating the new scalable gamified test versus the original test. The first results of the study in healthy elderlies validated the feasibility of the Starry Night test.

Alzheimer's disease can begin to create changes in the brain up to 20 years before symptoms are detected, at which point the disease has already caused significant cognitive impairment. If Alzheimer's can be detected at an earlier stage, it would allow more effective action to be taken, with either lifestyle interventions, traditional pharmaceuticals, or Digital Therapeutics, such as Computerized Cognitive Training – or a combination of all of these.

Next key milestone

Validation of efficacy in both healthy people who are genetically disposed for Alzheimer's disease (at the Aarhus University Hospital) and in people with Mild Cognitive Impairment and Alzheimer's disease (at Oxford University) in Q3 2022 - all as part of the Horizon 2020-funded project, Alzheimer's Detect & Prevent, in which Brain+ has a key role as the sole industrial participant.

Long-term objective

Incorporate the Starry Night test in our treatment products for assessment and monitoring, and later for early screening and detection of Alzheimer's disease.

Pro insights - analytics interface for clinicians

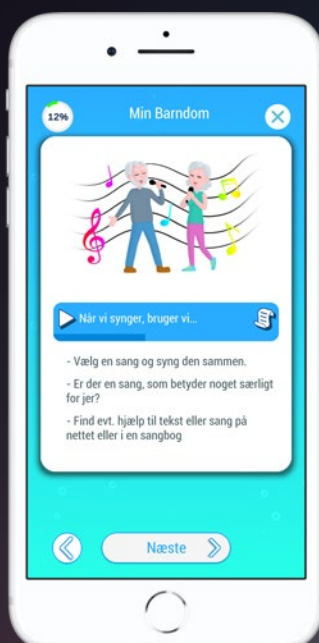
Product solutions under development include both patient-facing software and a unique interface for clinicians, where data is analyzed, including compliance to treatment, usage patterns, patient-reported outcomes, and measures of treatment progress.

Technology platform and tech stack

The core technologies are built on a technology platform, that will enable data capture and modular combination into products targeting different disease segments, while adhering to local, national and regional regulations, data privacy requirements and offering integration into health care provider systems.

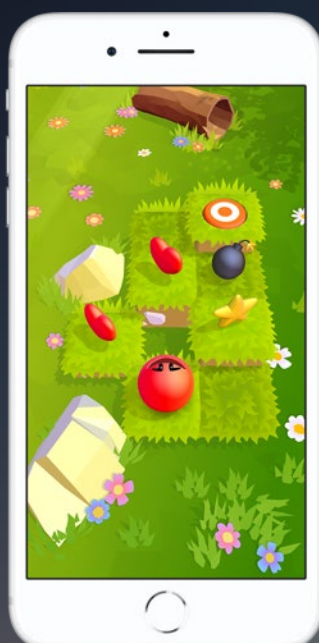
BRAIN+ 3 CORE TECHNOLOGIES

COGNITIVE STIMULATION THERAPY



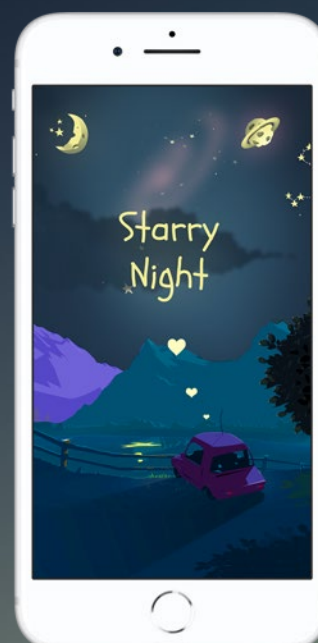
Guided talk therapy facilitating deep thinking and social interaction that stimulates cognition in people living with mild to moderate dementia.

COMPUTERIZED COGNITIVE TRAINING

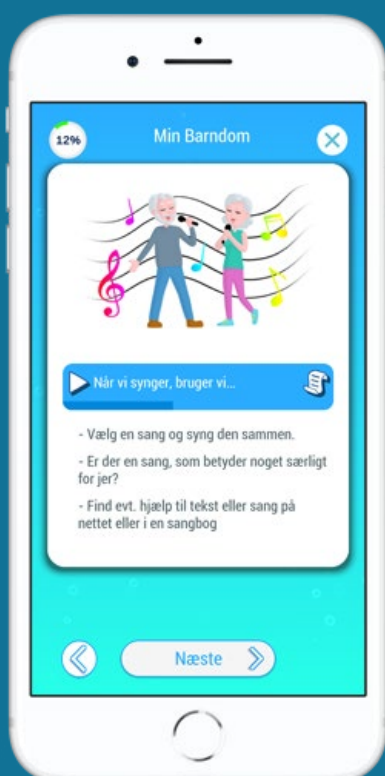


Like fitness exercises for the brain, designed to put pressure on certain brain functions so that they adapt. Aimed at pre-stages to dementia.

STARRY NIGHT



A special memory test designed to identify early signs of Alzheimer's disease, originally developed at Oxford University, then co-developed with Brain+.



COGNITIVE STIMULATION THERAPY, THE 1ST BRAIN+ PRODUCT

COGNITIVE STIMULATION THERAPY THERAPIST COMPANION

INTENDED USE

Enables a trained therapist to deliver Cognitive Stimulation Therapy (CST) for mild to moderate dementia easily.

REGULATORY CLASS

Software-as-Medical Device (SaMD) Class I CE-mark.*

EVIDENCE

Cognitive Stimulation Therapy is a proven method and the recommended standard of care in the UK by NICE. The Brain+ digitalized CST has positive pilot data.

LAUNCH

2023.

MARKETS

Germany and Denmark.

*Current assessment



BRAIN+ TECHNOLOGIES

- 1 **COGNITIVE STIMULATION THERAPY**
Psychosocial method – social dialogue that stimulates cognition.
- 2 **COMPUTERIZED COGNITIVE TRAINING**
Trains cognitive functions with challenging and engaging games.
- 3 **STARRY NIGHT**
Memory test to indicate Alzheimer's Disease / brain dysfunction.
- 4 **PRO INSIGHTS**
Clinician web-app, for patient management & data analysis.



PRODUCTS

- 1 **COGNITIVE STIMULATION THERAPY – THERAPIST COMPANION**
The first dementia treatment product to be launched in 2023. Helps therapists in providing Cognitive Stimulation Therapy.
- 2 **COGNITIVE STIMULATION THERAPY – HOME EXTENSION**
The second product version, which will enable people with dementia to get Cognitive Stimulation Therapy at home.
- ... **FUTURE PRODUCT CANDIDATES**
Later products and product versions with new use cases will be announced in the future.



STATEMENT FROM THE CHAIRMAN

2021 has been a historic year for Brain+ with several strategic milestones achieved, including our IPO and the closing of a deal with RoX Health, a subsidiary of Roche Germany – our first large pharma partnership.

I am pleased with the progress in all our strategic focus areas: technology validation, product development, regulatory affairs competence building, and commercial maturation. I am especially excited about our achievements in the German market, where our partnership with RoX Health and lately our invitation to Biogen's accelerator program to be helped onto the German market, will bring us valuable regulatory and market insight to support the commercialization of our first dementia treatment product, Cognitive Stimulation Therapy.

Germany is a key market for Digital Therapeutics products because the German health care system has a national reimbursement pathway. This ensures that prescriptions of our product will be reimbursed by the health insurers, allowing us to get access to the 1.7 million Germans living with dementia.¹

¹ <https://www.bmfsfj.de/resource/blob/132340/11d16360baefc5da0ecc737153162610/die-allianz-fuer-menschen-mit-demenz-kurzbericht-englisch-data.pdf>

Since our IPO, we have successfully scaled our management team and made key new hires to the CFO and CTO positions. Our organization now has strong profiles in all key functions, including regulatory affairs, technological R&D and financial management, which makes us well-equipped to execute on our strategy and meet both the clinical and commercial objectives of our growth journey.

Brain+ has entered 2022 looking into a year of formative transition. As we have accelerated our launch plans for our first Cognitive Stimulation Therapy product in Germany from 2025 to 2023, it is clear that the continued dedication to bringing Digital Therapeutics to market is paramount and that we need to foster strong partnerships with key healthcare players in order to be successful. Therefore, our strong partnership with RoX Health will be a priority, on this journey to bring our first dementia treatment product to market. But I am also excited about the other technologies and future products that are being developed and clinically validated in our science and innovation partnerships. This includes our memory test aimed at early detection of Alzheimer's disease and new Computerized Cognitive Training mechanisms of action for counteracting cognitive decline. All things considered, I believe we have an auspicious pipeline, a promising future and a lot of hard work ahead of us.

The strong achievements required to execute on our vision, would not be possible without the continued dedication and hard work from our colleagues on the Brain+ team and our partners. Based on their outstanding efforts over the past year, I feel very optimistic about our journey forward. I would also like to express my appreciation to our shareholders, for the continued trust and support they show us.



Lars Terney
Chairman

A portrait of Kim Baden-Kristensen, CEO, with a beard and blue eyes, wearing a white shirt and a blue jacket. The background is dark and textured.

MESSAGE FROM THE CEO

We are here to innovate and to bring effective digital therapeutic solutions to the market to help people with dementia and Alzheimer's disease – and their caregivers. 2021 brought us much closer to this vision. Concretely, we hired core talent to build a full "Digital Therapeutics" team capable of launching our first software-as-medical-device (software-as-a-treatment) product, Cognitive Stimulation Therapy. We executed on a successful IPO, turning Brain+ into a public company and raised the financing needed to start accelerating our activities and advance our R&D pipeline of new solutions for the detection and treatment of cognitive decline. Very importantly also, we partnered with a major pharma player in the Alzheimer's space. These are all key elements to bring our first product to the most interesting European dementia market, Germany.

2022 is a year of formative transition as already demonstrated with the initiation of our RoX Health (the digital venture subsidiary of Roche Germany) collaboration, our nomination and selection for Biogen's Neurotechprize program, and the positive results from our Oxford University trial of our Starry Night cognitive test in February. We are off to a good start, and we are excited to get and share the results of another 5 trials underway this year. And while innovation is always uncertain with the inherent risk that trial results can turn out not as hoped, our clinical activities are constantly providing us with valuable new learnings to improve our internal base of know-how and our technologies and products. With three promising core technologies in our pipeline and our first dementia treatment product on the way to the market, I feel confident that we can fulfill our vision and bring effective Digital Therapeutics solutions to the market for people with dementia and Alzheimer's.

A handwritten signature in white ink, reading "Kim Bkr".

Kim Baden-Kristensen
CEO

MANAGEMENT COMMENTARY

PRIMARY ACTIVITIES

Brain+ is a pioneer in developing medical software to detect and treat the cognitive symptoms of dementia, and the most common cause of dementia, namely Alzheimer's disease. This approach is also referred to as Digital Therapeutics.

DEVELOPMENT IN ACTIVITIES AND FINANCES

THE JOURNEY TO LAUNCH A DEMENTIA TREATMENT

Secured strategic partnership with large pharma company in the main target market, Germany

In December 2021, we announced a partnership with RoX Health, the digital accelerator subsidiary of Roche, a major global pharma player in the dementia space. This partnership is a key validation of our technological approach, and combining efforts with RoX Health provides significant support to our aim of bringing our first dementia treatment product, Cognitive Stimulation Therapy, to the German market. Because of our signing with RoX Health, the intended launch of this product was moved forward to 2023, two years ahead of the original plan.

Successful listing on Nasdaq First North Denmark in November 2021

The IPO was a key milestone to secure funds to expand and further strengthen the organization, advance our clinical trial program, and bring our technologies and products towards market launch. The shift to become a publicly listed company has also strengthened our corporate profile and increased awareness of our business among strategic partners and prospective talent.

Expanded with new R&D and regulatory affairs resources to deliver on objectives

In 2021, we expanded the team to support continued progress in all key aspects of bringing digital therapeutic products to the market, particularly in the areas of tech R&D and regulatory affairs.

Progress in R&D activities and clinical development program

We delivered new technology prototypes to our clinical trial program as part of the large European innovation project, Alzheimer's Detect and Prevent. With Brain+ as the coordinating lead of the project, our technologies, including a cognitive test aimed at early detection of Alzheimer's disease, are being validated in four clinical trials. Supplementary to our soon-to-be finished Alzheimer's Detect and Prevent project, we lead a Eurostars' grant project, to develop a new mechanism of action for cognitive training. With Eurostars-funded development already initiated and in parallel advancing work on our Cognitive Stimulation Therapy product for dementia treatments, we are progressing according to plans. The Company has decided to capitalize development costs as it is Management's opinion that the relating future amortization burden can be encompassed in future financial benefits.

Significant uncertainty in recognition and measurement

The Company's development projects are naturally linked to uncertainty as the development activities are not yet completed. Management has estimated that each development project has a potential that exceeds the capitalized development costs. The calculation method for the Company's development projects consists of time registrations as well as discretionary allocation of costs. The method is estimated to give a reliable calculation of costs, although the accounting estimates are subject to some uncertainty.

KEY FIGURES

In 2021, our focus remained on our strategic objective to advance the clinical validation of our technologies, that feed into our product pipeline. Our 2021 investments have contributed to the advancement of our clinical trials, continuous product development, expansion of our team, maturation of our technologies and products and facilitation of our targeted commercial launch of Cognitive Stimulation Therapy in 2023.

FUNDING

In 2021, the IPO provided Brain+ with proceeds of DKK 17.38 million together with DKK 0.21 million from the exercise of an employee warrant scheme. In addition, a Pre-IPO round raised another DKK 9.87 million in convertible debt. The Pre-IPO debt and another debt instrument of DKK 0.57 million were converted into equity in connection with the IPO.

By year-end 2021, the company had cash and cash equivalents of DKK 9,992,638 and DKK 962,905 in other liquidity reserves.

Brain+ is proactive about securing a diversified funding profile to ensure operational momentum until it can reach sustained profitability. In addition to the publicly traded warrants, which will bring in new liquidity by November 2022, other funding options currently available include strategic partnerships and grants.

PUBLICLY TRADED WARRANTS ISSUED AT IPO

In both capital rounds (IPO and Pre-IPO), Brain+ issued shares, each including an accompanying warrant. After the IPO, the warrants were split from the shares and now trade separately. Each of the warrants provides the holder the right to subscribe for a new Brain+ share in October 2022 at a 30% discount to the market price of the existing shares. The market price will be determined based on the volume-weighted average price of Brain+ shares traded on Nasdaq First North Growth Market during the 10-day period leading up to the Exercise Window. The proceeds to Brain+ from the warrant exercise will depend on the market price of the existing share, the determinant for the exercise price of the warrants, and on the number of warrants that will be exercised. Illustratively, if all warrants are exercised at a 10-day reference price of 3 to 6 DKK per share, total expected gross proceeds to Brain+ would be DKK 10.1 to 20.1 million before transaction costs.

Brain+ expects that funding sources collectively will be sufficient to finance the projected launch and initial commercialization of our first dementia treatment product, i.e. Cognitive Stimulation Therapy on the Danish and German markets, in 2023.

INVESTMENTS

Trials, development and commercialization require continued investment in the coming year, as we continue to mature products to build our business towards a targeted net operational cash flow breakeven in 2025. In line with our current level of maturity, the year-end net result in 2021 is a loss of DKK 7,079,752 after tax – the anticipated result given the pre-revenue stage of our product pipeline.

With the expected proceeds obtained from our warrant exercise of the publicly traded warrants in November 2022, we will further advance the clinical development of other products in the R&D pipeline, continuing along our path in 2021, where we invested DKK 7,232,958 in the development of our technologies.

ACCOUNTING CORRECTION

We have retrospectively corrected errors identified in relation to past recognition of development projects and the presentation of grants. The correction has no effect on the 2021 result, and the effect is a reduction in the 2020 result of DKK 300,000, an increase in the balance sheet of DKK 3,972,000, and a decrease in equity of DKK 2,187,000 (see Note 1).

MERGER AND JOINT TAXATION

Brain+ ApS and Brain+ Holding ApS merged per January 1st, 2021, using the uniting-of-interests method. One of the implications is that Brain+ is no longer party to joint taxation (see “Business Combination” on page 37).





EVENTS AFTER THE BALANCE SHEET DATE

BERTIL STENGAARD JESSEN APPOINTED CFO OF BRAIN+

With a background as head of a global strategic business program in GN Store Nord combined with experience from strategy and M&A advisory roles in Maersk and the investment banking division of J.P. Morgan, Bertil will contribute with strong competencies in finance and strategy.

(Company Announcement No. 1-2022)

POSITIVE RESULTS OF COGNITIVE TEST FOR EARLY ALZHEIMER'S DISEASE DETECTION

A study led by Professor Masud Husain at the University of Oxford has evaluated the feasibility and performance of the Starry Night cognitive test intended for early detection of Alzheimer's disease. The Starry Night test is developed by Brain+ as a gamified version of a lab test, developed by Professor Husain's team and proven to be sufficiently sensitive to detect pre-symptomatic Alzheimer's disease.

The study had a total of 131 healthy participants of all age groups, including people over the age of 50. The study showed that the critical test outcomes were comparable between the original lab test and the digitalized Starry Night test by Brain+, thus validating the feasibility of the Starry Night test. Early detection of Alzheimer's disease opens the potential for more effective therapeutic interventions.

BRAIN+ WAS SELECTED TO JOIN BIOGEN & EIT HEALTH'S NEUROTECHPRIZE PROGRAM AND THE DANISH-GERMAN CARE ALLIANCE

The nomination supplements our focus on the German market and pharma partnerships for two reasons. Firstly, Biogen is an important pharma player and the latest to have a new Alzheimer's drug approved. Secondly, the nomination comprises an intense 10-week program with the purpose of rapidly accelerating our company maturity in all functional areas and prepare market access. This is a highly beneficial opportunity for Brain+ to sharpen our most promising solutions and technologies addressing the challenge of Alzheimer's disease in Germany. Additionally, our opportunity to join the Danish-German Care Alliance is a valuable validation of our trajectory and introduces us to the largest German caregiver organizations that are potential future customers.

No events have occurred since the balance sheet closing date that would influence the evaluations in this annual report.

OUTLOOK FOR 2022

Through 2022, our primary focus will be the RoX Health (Roche Germany) partnership and working with their team towards the German launch of our dementia treatment product, Cognitive Stimulation Therapy. In parallel, the technology pipeline will continue to mature and feed into future product versions and new products.

With both financial and in particular advisory support from RoX Health, we have accelerated our time-to-market for this product and now target commercial launch in 2023. This is 2 years earlier than expected at the time of our IPO, and thus we see our strategic position significantly improved in terms of commercial risk and expect initial sales after product launch. Subject to regulatory certification, the product launch of Cognitive Stimulation Therapy is expected to enable recurring revenue via initial product sales from 2023. During our formative transition year in 2022, we expect to generate gross profit of DKK 2 to 4 million from primarily innovation-grant funded projects.

The RoX Health partnership is the first successful step for our go-to-market approach, which is to scale globally with partners. Our primary commercial goal in the medium-term time frame towards 2025 is to close other and larger licensing and partnership deals, with an aspiration of million-dollar class deals, like those already seen internationally in the Digital Therapeutics and pharma industry (for example the Akili-Shionogi deal worth \$125 million, and Click Therapeutics-Boehringer Ingelheim deal worth \$500 million).

The RoX Health deal is a solid first step towards achieving this goal. Other partner dialogues are continuously ongoing, and this includes the recent selection of Brain+ by Biogen to participate in their Neurotech-prize program. The program is foreseen to be completed in H1 2022 with the potential to lead to further and closer collaboration with Biogen.

Our second focus in 2022 is to complete and get results from our clinical trial programs. We are awaiting results on the Starry Night memory test from three studies; one with dementia patients at Oxford University, one with patients suffering from pre-clinical Alzheimer's disease at Aarhus University, and one with people who exhibit subjective cognitive impairments at Nottingham University. The Nottingham study will in addition provide insights on cognitive training in this segment of subjective impairments. A fifth study focuses on caregiver compliance when using Cognitive Stimulation Therapy with VIA University College.





















As our third focus, we are further maturing several of our technologies in grant-funded research projects with international partners. This includes a grant project, we lead, which aims to improve the brain function in people at high risk of dementia. This segment is of particular interest to us, pharmaceutical partners, the health care systems, and health care payers, because an earlier treatment of dementia increases the chances of delaying and preventing severe symptoms. It is part of our DNA to fund research and development efforts with innovation grants and work in these types of partnership consortiums, and we will continue these efforts in 2022 and beyond.

To help fund investments in our focus areas, we issued 4.8 million warrants in connection with two capital rounds in 2021. These provide the holder the right to subscribe for a new Brain+ share in October 2022 at a 30% discount to the market price of the existing shares. The proceeds to Brain+ from the warrant exercise will depend on the market price of existing shares, the determinant for the exercise price of the warrants, and on the number of warrants that will be exercised. In addition to end of year liquidity, proceeds raised from the exercise of these warrants are the expected primary source of Brain+ funding in the coming year.



CLINICAL RESEARCH PROGRAM

6 ONGOING TRIALS ON 3 CORE TECHNOLOGIES

TECHNOLOGIES	THERAPEUTIC AREA	PILOT / FEASIBILITY	PROOF OF CONCEPT	PARTNERS ACADEMIC, CLINICAL, PATIENT, COMMERCIAL		
  STARRY NIGHT CCT	Mild cognitive impairment/at risk of Alzheimer's disease (aRoA)	n = 120/ 30	Est. Q3 2022			 Horizon2020 European Union Funding for Research & Innovation
	Healthy elderlies. Pre-clinical Alzheimer's disease (PAD)	n = 80	Est. Q3 2022			 Horizon2020 European Union Funding for Research & Innovation
	Subjective cognitive impairments (SCI)	n = 30/60	Est. Q3 2022			 Horizon2020 European Union Funding for Research & Innovation
	Mild cognitive impairment	n = TBD	Est. 2023		 innovation across borders	
 CST	Mild to moderate dementia (DEM)	n = 30	Est. Q4 2022			
	Elderlies, people with dementia	n = TDB	Est. Q4 2022		 innovation across borders	

CST = COGNITIVE STIMULATION THERAPY
CCT = COMPUTERIZED COGNITIVE TRAINING
SN = STARRY NIGHT MEMORY TEST

Overview active trials. Source: Brain+²

² N = number of participants in the study.

KEY EVENTS & MILESTONES

Q2 - 2022

GENERAL ASSEMBLY - MAY 18TH



Q3 - 2022

PROOF OF CONCEPT TRIAL RESULTS

Technology: Starry Night Test
Groups: Mild cognitive impairment/
Alzheimer's disease
Primary endpoint: Replication
of original lab test



Technology: Starry Night Test
Groups: Pre-clinical Alzheimer's
disease/healthy elderly
Primary endpoint: Replication and
extension of original lab test



Technology: Starry Night Test
& Computerized Cognitive Training
1st Generation
Groups: Subjective cognitive
impairments
Primary endpoint: Changes in
mental workload after performing
training with Computerized Cognitive
Training 1st generation



HALF-YEAR REPORT

Financial & business

Period 2022H1:
January 1st - June 30th

Q4 - 2022

FUNDING EVENT: EXERCISE OF IPO WARRANTS - 17TH-31ST OF OCTOBER



4,788,542 publicly traded warrants can
be exercised by investors, allowing for
the subscription of up to 4,788,542 new
Brain+ shares at a 30% discount to the
market price of existing shares.

Proceeds from the warrant will be used
to fund further advancement of the
company's product development
activities and prepare the projected
launch and initial commercialization of
our first dementia treatment product,
i.e. Cognitive Stimulation Therapy on the
Danish and German markets, in 2023.

PRODUCT COMPLETION

RoX Health collaborative milestone
Cognitive Stimulation Therapy -
Therapist Companion product
technically complete



PRODUCT ADAPTATION

RoX Health collaborative milestone
Cognitive Stimulation Therapy -
Therapist Companion culturally
adapted to German market



PILOT STUDY RESULTS

Technology: Cognitive Stimulation
Therapy
Groups: Mild to moderate dementia
Primary endpoint: Caregiver compliance
and cognitive improvements



IMPLEMENTED QMS

Electronic quality management
system is implemented

Technology: Cognitive Stimulation
Therapy
Groups: Healthy elderly and
people with dementia
Primary endpoint: End-user
usability



2023

ROX HEALTH COLLABORATIVE MILESTONES: COGNITIVE STIMULATION THERAPY - THERAPIST COMPANION



Product launch in Denmark



German DIPA submission



German DIPA approval







Product launch in Germany

PILOT STUDY RESULTS

Technology: Computerized Cognitive
Training 2nd Generation
Groups: Mild cognitive impairment/
At-risk
Primary endpoint: Efficacy


















MILESTONES & DEVELOPMENT HISTORY OF BRAIN+

DKK 9,77M 2013-2014	FORNYELESFONDEN	Brain+ prototype: From 2013 to 2014, the Brain+ general cognitive training prototype was developed through funding from Fornyles-fonden. This provided usability results and early proof of concept in healthy elderly adults.
DKK 5,96M 2015-2016	Equity investors	Brain+ platform & mobile app: The Brain+ technology was moved to the Unity 3D platform for both IOS and Android (and portable to other platforms), backend and analytics platform was developed. Partnerships were formed with leading Danish clinicians.
DKK 13,39M 2017-2019	Innovation Fund Denmark	Recover and Pro insights: <i>The Healthy Brain Project</i> funded by the Innovation Fund Denmark (IFD) was used to develop the patient-facing cognitive training app and clinician app targeting Brain injury (BI) , Parkinson's and Depression . BI trial results in peer review.
DKK 21,89M 2019-2021	 Horizon2020 European Union Funding for Research & Innovation	Starry Nights Memory test: <i>The Alzheimer's Detect & Prevent project</i> , funded by the Horizon 2020 Fast Track to Innovation, has resulted in a gamified cognitive memory test with potential for pre-clinical early detection of Alzheimer's disease .
DKK 9,45M 2019-2022	EUREKA  innovation across borders VINNOVA Innovation Fund Denmark	Thrive: <i>The AD Shield project</i> , funded by Eureka, IFD & Vinnova, is developing digital tools for lifestyle risk assessment and lifestyle change reduce risk of neurodegenerative diseases . The prototype goes into clinical trials with Swedish memory clinics in 2021.
DKK 11,36M 2021-2024	EUREKA  innovation across borders  DLR Projektträger Innovation Fund Denmark	ACTnow: <i>The ACCTDS project</i> , funded by Eureka, IFD & DLR, is developing novel modes of action for modulating improving cognitive reserve and cognition , and reducing Alzheimer's risk , targeting APOE4 gene carriers (the risk gene for Alzheimer's disease).

Grant overview in syndication with partners. Source: Brain+

4 TRIALS HAVE BEEN SUCCESSFULLY COMPLETED ON 3 TECHNOLOGIES

TECHNOLOGIES	THERAPEUTIC AREA	PILOT / FEASIBILITY	PROOF OF CONCEPT	PARTNERS ACADEMIC, CLINICAL, PATIENT, COMMERCIAL	RESULTS
	Acquired Brain Injury	n = 80	2021	  	Positive efficacy
	Parkinson's disease	n = 30	2021	  	Feasibility confirmed
	Mild to moderate dementia	n = 8	2020	  	Feasibility confirmed
	Healthy elderly	n = 120/30	Q1 - 2022	  	Positive early proof of concept

CST = COGNITIVE STIMULATION THERAPY
CCT = COMPUTERIZED COGNITIVE TRAINING
SN = STARRY NIGHT MEMORY TEST

Overview, completed trials. Source Brain+³

³ N= number of participants in the study.



RISK FACTORS

Brain+ has identified several risk factors that we consider to be the most significant. The risk factors are presented in a prioritized order of importance, the possibility that the risk will materialize, and the impact of the risk – these are summarized in the graphic below.

CLINICAL DEVELOPMENT TRIAL PROGRAMS

The development and commercial success of Brain+ products rely on getting positive results from scientific and clinical trials. The ongoing trials are at early stages including the feasibility studies and proof of concept. The nature of highly innovative new technologies, like the Brain+ digital therapeutic (DTx) products, carries inherent high risk that the trials may not be completed or will not yield the expected results. There is also a risk of delays of the trials which may be caused by third parties and subcontractors or due to COVID-19, as many of the trials include vulnerable patient groups.

MEDICAL DEVICE REGULATIONS (“MDR”)

Large-scale commercialization and reimbursement depend on obtaining regulatory approval and public certifications. Regulatory authorities are focused on digital health care products that seek to create medical benefits for patients and users, which is reflected in both the new European MDR, which governs the CE Mark process, local Software-as-a-Medical-Device (SaMD) guidelines, such as the German Digitale Gesundheits Applikation (DiGA), and the US FDA regulatory guidelines and processes. The primary risk related to SaMD and MDR is the risk of not getting the positive clinical trial results, which are needed to clearly define an intended use for the product in a given patient population.

COMPETITION

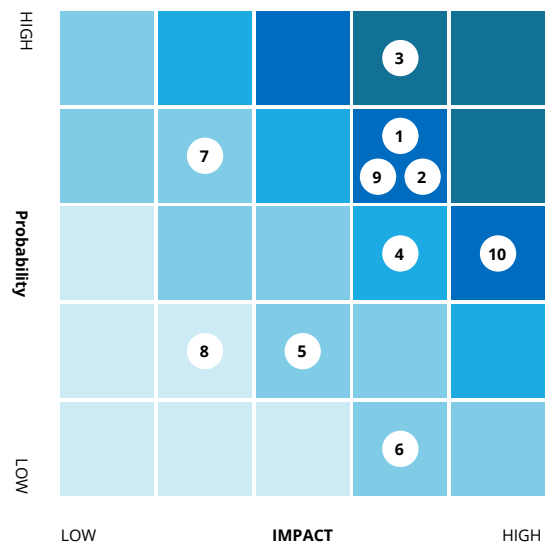
It is expected that in the future there will be many hundreds of DTx companies developing new solutions for different disease areas, targets and target groups, and there is, therefore, a high probability that new competitors will enter this field as the DTx industry matures and becomes more lucrative. The competitive landscape for DTx companies that go through the full regulatory and reimbursement pathway is not yet crowded, but competition is increasing. Big Pharma- and MedTech companies may develop their own DTx solutions and may have access to a different level of funding than Brain+ and therefore may be able to allocate major resources to such solutions and gain competitive advantages. The non-regulated “digital health” space is more competitive with literally hundreds of thousands of health Apps.

RISK FACTORS - IMPACT ASSESSMENT

BARRIERS & RISKS

	Probability	Impact
1. Clinical development	4	4
2. Regulatory risk	4	4
3. Competition	5	4
4. Strategy risk	3	4
5. IPR rights and infringement risk	2	3
6. Product liability	1	4
7. Objectives and milestones risk	4	2
8. Data privacy risk	2	2
9. Loss of key employees	4	4
10. Financial & funding risk	3	5

(1 low, 5 high)



CORPORATE GOVERNANCE



HIGH BRAIN POWER, WITH EXPERIENCE FROM BOTH PHARMA AND HIGH-TECH SCALE-UPS

EXECUTIVE TEAM



KIM BADEN-KRISTENSEN

Co-founder & CEO

Former Vice President of Marketing & Strategy @ world's largest wind energy co. 5 years @ Boston Consulting Group.

M.Sc. Management of Technology, CBS.

Cognitive Psychology studies, UCPH.

Healthcare Innovation degree HARVARD Business School (Pasteur Program).



BERTIL S. JESSEN

Chief Financial Officer

Former head of a global strategic business program in GN Store Nord.

Strategy and M&A advisory roles in Maersk and in J.P. Morgan's investment banking division.

M.Sc. Applied Economics and Finance, CBS & St. Gallen.



BETH WOLFF

Chief Commercial Officer

20 years of experience in pharma, commercial excellence and Digital Therapeutics (LEO Pharma, Novo Nordisk, Sandoz).

M.Sc. in Public Health.

MA Political Economy.



PAULA PETCU

Chief Technology Officer

10+ years in Software Development, 7 years in Pharma. Formerly Head of Digital Technologies at Lundbeck.

One of Berlingske's Top 100 Talent in Denmark.

M.Sc. in Computer Science from University of Copenhagen.



BRIAN ØSTERGAARD

Business Development Manager

Entrepreneur in public health care and digital health with successful exit of his company in Autism & dementia care software.

25 years of experience in selling into public and private health care sectors.



SIMON NIELSEN

Chief Science & Innovation Officer

12 years of experience as a biomedical engineer.

Senior scientist & team mgr. at Coloplast.

Postdoc, Cognitive Neuroscience, UCPH.

PhD. Psychophysics DTU.

EXECUTIVE MANAGEMENT - Headcount: 6

ADMINISTRATION - Headcount: 2

PRODUCT - Headcount: 7

SCIENCE & INNOVATION - Headcount: 2.5 + consultants

COMMERCIAL OPERATIONS - Headcount: 3

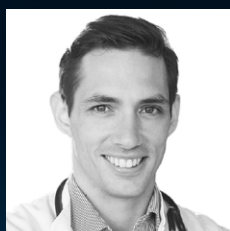
BOARD OF DIRECTORS



LARS TERNEY

Joined as chairman from H1 2021

Senior Partner, Nordic Capital 13 years in Private Equity, 14 years Head of Boston Consulting Group Denmark. Lars is an international heavy weight within business, strategy and economics.



JONAS NILSEN

Board Member since Sep. 2018

Digital health and therapeutics entrepreneur, Co-founder & Chief Innovation Officer at Practio, Doctor of Medicine from University of CPH. Innovation Management, Harvard Business School.



KIM ARVID NIELSEN

Board Member since Nov. 2019

Experienced Pharma & Bio-tech CEO Follicum AB (former InProTher, CytoVac, Scandion Oncology, Serendex Pharmaceuticals) GM, VP & Dir. (Bayer, Basilea Pharmaceutica, Astra Zeneca, Ferrosan). MD, UCPH, MBA, SIMI.



HANNE LETH HILLMAN

Board Member since May 2021

Experienced life science executive focused on finance, communications and investor relations (IR). Former Jyske Bank, Gudme Raaschou, NeuroSearch and Zealand Pharma. Currently the CFO for Nanovi A/S.

MANAGEMENT'S STATEMENT

Today, the Executive Board and Board of Directors have considered and adopted the Annual Report of BRAIN+ A/S for the financial year January 1st 2021 - December 31st 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Company at December 31st 2021 and of the results of the Company's operations and cash flow for the financial year January 1st 2021 - December 31st 2021.

In our opinion, the management commentary includes a true and fair account of the matters addressed therein.

We recommend that the Annual Report be adopted at the Annual General Meeting.

COPENHAGEN, APRIL 29TH 2022

Executive Board



Kim Baden-Kristensen
CEO

Board of Directors



Lars Terney
Chairman



Hanne Leth Hillman



Jonas Nilsen



Kim Arvid Nielsen



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BRAIN+ A/S

Opinion

We have audited the financial statements of BRAIN+ A/S for the financial year January 1st 2021 - December 31st 2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at December 31st 2021 and of the results of its operations and cash flows for the financial year January 1st 2021 - December 31st 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities

in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

AARHUS, APRIL 29TH 2022

Deloitte Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
mne35428

Jens Lauridsen
State Authorised Public Accountant
mne34323



COMPANY DETAILS

Company	BRAIN+ A/S Købmagergade 53, 3, 1150 København K CVR No. 36439440 Date of formation November 19 th 2014 Registered office Copenhagen
Board of Directors	Lars Terney Hanne Leth Hillman Jonas Nilsen Kim Arvid Nielsen
Executive Board	Kim Baden-Kristensen, CEO
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2 8000 Aarhus C CVR No.: 33963556
Annual General Meeting	The Annual General Meeting is held on the May 18 th 2022.
Published	The annual report is published at www.cvr.dk after the Annual General Meeting and is available at www.brain-plus.com on April 29 th 2022.

ACCOUNTING POLICIES

Reporting class

The Annual Report of BRAIN+ A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

Brain+ ApS and Brain+ Holding ApS has merged on January 1st 2021 and thereby Brain+ is no longer part of a joint taxation of Danish group companies.

The accounting policies applied remains unchanged from last year.

Correction of fundamental errors regarding the previous year

Since the Annual Report 2020 the Company has identified fundamental errors in the recognition of development projects and the presentation of grants. Prior period errors have been corrected retrospectively in the financial statements which also affects the comparative figures. The cost of development projects comprises costs such as salaries, amortization and other costs that are directly and indirectly attributable to the development projects.

The effect of the correction can be summarized as:

Result of the year 2020 is decreased by DKK 300,000

Balance is increased by DKK 3,972,000

Equity is decreased by DKK 2,187,000

The effect has been included in the compared figures for 2020 and has no effect on the result for 2021. The effect of the changes is shown in Note 1.

Business combination

The uniting-of-interests method is applied on mergers where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognized at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognized in equity.

Reporting currency

The Annual Report is presented in Danish kroner.

GENERAL INFORMATION

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognized in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization,

impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the term. Amortized cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortization of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated by applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognized in the income statement as financial income or financial expenses. Other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

INCOME STATEMENT

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, work performed by the Entity, other operation income and other external expenses.

Revenue

Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Work performed by the Entity

Own work capitalized includes staff costs and other internal costs incurred during the financial year and recognized in the cost of proprietary intangible fixed assets.



Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises and COVID-19 refunds from the authorities.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, and premises, loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Amortization and impairment of tangible and intangible assets

Amortization and impairment of intangible and tangible assets have been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost and the following assessment of useful life and residual value:

	USEFUL LIFE	RESIDUAL VALUE
Completed development projects	10 years	0%

Financial income and expenses

Financial income and expenses are recognized in the income statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognized directly in equity.

BALANCE SHEET

Intangible assets

Intangible assets consist of ongoing and completed development projects.

Clearly defined and identifiable development projects where the technical rate of utilization, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognized as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Development costs comprise costs, including wages, salaries, amortization and other costs, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Indirect costs are attributable costs that have been used in development projects and measured as development costs using a distribution key based on time spent.

Capitalized development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortization and the recoverable amount.

Completed development project are amortized on a straight line basis, on the basis of assessment of useful life of 10 years.

The carrying amounts of intangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually on ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognized prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

The depreciation period is usually 5 years.

The carrying amounts of tangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Deferred income, assets

Deferred income recognized in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Development cost reserve

Development cost reserve includes recognized development costs less taxes. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognized costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognized when the Company has a legal or actual obligation as a result of a past event, and it

is likely that settlement will result in the company spending financial resources.

Provisions are measured at value in use.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognized at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities and receivables

Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value

Accruals and deferred income entered as liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities

Contingent assets and liabilities are not recognized in the balance sheet but appear only in the notes.



ACCOUNTING POLICIES CASH FLOW STATEMENT

The Cash Flow Statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortization and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

INCOME STATEMENT

DKK	NOTE	2021	2020
Gross profit	3	3,992,214	6,685,331
Staff expenses	4	-9,653,213	-6,492,827
Depreciation, amortization expense and impairment losses of property, plant and equipment and intangible assets recognized in profit or loss	5	-1,605,874	-1,602,348
Profit/loss from ordinary operating activities		-7,266,873	-1,409,844
Other finance income	6	103,877	2,201
Finance expenses		-1,941,777	-230,105
Profit/loss from ordinary activities before tax		-9,104,773	-1,637,748
Tax expense on ordinary activities	7	2,025,021	359,024
Profit/loss		-7,079,752	-1,278,724
Proposed distribution of results			
Retained earnings		-7,079,752	-1,278,724
Distribution of profit/loss		-7,079,752	-1,278,724

BALANCE SHEET AS OF DECEMBER 31ST

DKK	NOTE	2021	2020
Assets			
Completed development projects	8	11,163,101	12,757,829
Development projects in progress and prepayments for intangible assets	9	22,252,623	15,019,665
Intangible assets	10	33,415,724	27,777,494
Fixtures, fittings, tools and equipment	11	144,610	30,516
Property, plant and equipment		144,610	30,516
Fixed assets		33,560,334	27,808,010
Short-term receivables from group enterprises		0	513,998
Short-term tax receivables		1,591,250	0
Other short-term receivables		1,569,583	189,528
Deferred income		169,312	14,594
Receivables		3,330,145	718,120
Cash and cash equivalents		9,992,638	1,362,457
Current assets		13,322,783	2,080,577
Assets		46,883,117	29,888,587

BALANCE SHEET AS OF DECEMBER 31ST

DKK	NOTE	2021	2020
Liabilities and equity			
Contributed capital	12	1,181,591	95,830
Reserve for development expenditure		26,064,264	21,666,446
Other statutory reserves		0	13,965
Retained earnings		-6,641,837	-19,858,198
Equity		20,604,018	1,918,043
Provisions for deferred tax	13	457,299	891,070
Provisions		457,299	891,070
Convertible, profit yielding or dividend yielding debt instruments		0	386,625
Other payables		733,854	1,742,295
Long-term liabilities other than provisions	14	733,854	2,128,920
Debt to banks		87	0
Prepayments received from customers		594,933	0
Trade payables		1,531,275	960,958
Payables to group enterprises		0	260,276
Other payables		1,277,757	1,445,266
Deferred income, liabilities	15	21,683,894	22,284,054
Short-term liabilities other than provisions		25,087,946	24,950,554
Liabilities other than provisions within the business		25,821,800	27,079,474
Liabilities and equity		46,883,117	29,888,587
Contingent liabilities	16		
Warrants	17		

STATEMENT OF CHANGES IN EQUITY

DKK	CONTRIBUTED CAPITAL	SHARE PREMIUM	DEVELOPMENT EXPENDITURE	OTHER STATUTORY RESERVES	RETAINED EARNINGS	TOTAL
Equity January 1 st 2021	95,830	0	1,470,358	13,965	2,525,112	4,105,265
Changes of equity through corrections of errors*	0	0	20,196,088	0	-22,383,310	-2,187,222
Adjusted equity January 1st 2021	95,830	0	21,666,446	13,965	-19,858,198	1,918,043
Change of equity through mergers and business combinations	646	0	0	0	-83,291	-82,645
Increase of capital	514,381	17,071,899	0	0	0	17,586,280
Increase of capital by capitalization of retained earnings	395,006	0	0	0	-395,006	0
Increase of capital by conversion of debt	175,729	10,261,948	0	0	0	10,437,676
Cost related to increase of capital	0	0	0	0	-2,175,584	-2,175,584
Equity transfers to reserves	0	0	0	-13,965	13,965	0
Profit (loss)	0	0	4,397,818	0	-11,477,570	-7,079,752
Transferred from share premium	0	-27,333,847	0	0	27,333,847	0
Equity December 31st 2021	1,181,591	0	26,064,264	0	-6,641,837	20,604,018

THE SHARE CAPITAL HAS DEVELOPED AS FOLLOWS:	2021	2020	2019	2018	2017
Balance at the beginning of the year	95,830	95,830	95,830	95,830	105,528
Addition during the year	1,085,761	0	0	0	4,267
Other adjustments	0	0	0	0	-13,965
Balance at the end of the year	1,181,591	95,830	95,830	95,830	95,830

*See Note 2 on page 50.

CASH FLOW STATEMENT

DKK	2021	2020
Profit/loss	-7,079,752	-1,278,724
Depreciation, amortization expense and impairment losses of property, plant and equipment and intangible assets	1,605,874	1,602,348
Adjustments of tax receivables	-1,591,250	-84,790
Adjustments for deferred tax	-433,771	-274,234
Decrease (increase) in receivables	-1,020,776	48,365
Decrease (increase) in trade payables	137,305	7,277,933
Cash flow from operating activities	-8,382,370	7,290,898
Purchase of intangible assets	-7,232,957	-6,984,511
Purchase of property, plant and equipment	-125,240	-15,662
Cash flows from investing activities	-7,358,197	-7,000,173
Repayment of other long-term payables	-1,008,441	0
Raising of long-term debt	0	439,201
Cash capital increase	27,455,784	0
Cost related to increase of capital	-2,175,584	0
Other components of cash flows from financing activities	98,989	0
Cash flows from financing activities	24,370,748	439,201
Net increase (decrease) in cash and cash equivalents	8,630,181	729,926
Cash and cash equivalents, beginning balance	1,362,457	632,531
Cash and cash equivalents, ending balance	9,992,638	1,362,457

NOTES

1. CORRECTION OF FUNDAMENTAL ERRORS REGARDING THE PREVIOUS YEAR

Since the Annual Report 2020 the Company has identified fundamental errors in the recognition of development projects and the presentation of grants. Prior period errors have been corrected retrospectively in the financial statements which also affects the comparative figures. The cost of development projects comprises costs such as salaries, amortization and other costs that are directly and indirectly attributable to the development projects.

The total impact of the adjustment on development projects is DKK -385,000 for 2020 and DKK -464,000 for 2019, and the total impact on the equity is DKK -300,000 for 2020 and DKK -362,000 for 2019.

The total impact of the adjustment amounts is summarized below (the summary contains the most important corrections, that are considered significant for the reader)

DKK '000	2020	2019
Result before tax cf. published annual report	-1,252	-1,475
Correction - current year	-385	-464
Result before tax - corrected	-1,637	-1,939
Tax cf. published annual report	274	323
Tax adjustment	85	102
Result for the year - corrected	-1,278	-1,514
Development projects at 31.12 cf. published annual report	23,805	17,266
Correction - previous year	5,121	-1,954
*Reclassification of grants	-764	7,540
Correction - current year	-385	-465
Development projects at 31.12 - corrected	27,777	22,387
Equity at 31.12 cf. published annual report	4,105	5,083
Correction - previous year	-1,887	-1,524
Correction - current year	-300	-362
Equity at 31.12 - corrected	1,918	3,197

*In the annual report for 2020 and 2019, the Company has offset some public grants in activated development projects. This is in violation of the set-off prohibition in section 13 (1) of the Danish Financial Statements Act. Consequently, the Company has adjusted the misstatement. The misstatement is found to be material and has been reclassified in the comparative figures. The total impact of the adjustment on Deferred income is DKK -764,000 for 2020 and DKK 7,540,000 for 2019. The reclassification has no effect on the income statement and the equity in the previous years, but affects the Development projects and Deferred income in the balance sheet each year. Thus, the correction each year in the income statement does not directly correspond to the changes in Development projects.

The reserve of development cost is adjusted accordingly in compliance with Danish legislation, the adjustment has increased the reserve of development cost with DKK 20,196,089 including regulation of tax. The reserve of retained earnings has decreased with the adjustment.

2. STATEMENT OF CHANGES IN EQUITY 2020

DKK	CONTRIBUTED CAPITAL	RESERVE FOR DEVELOPMENT COST	OTHER STATUTORY RESERVES	RETAINED EARNINGS	TOTAL
Equity, January 1 st 2020	95,830	2,317,711	13,965	2,655,859	5,083,365
Change of equity through corrections of errors before 2020	0	15,144,704	0	-17,031,304	-1,886,600
Change of equity through corrections of errors 2020	0	5,051,384	0	-5,352,006	-300,622
Provisions of the results for the year	0	0	0	-130,747	-130,747
Transferred from results brought forward	0	-847,353	0	0	-847,353
	95,830	21,666,446	13,965	-19,858,198	1,918,043

3. OTHER OPERATING INCOME

DKK	2021	2020
Public grants	838,660	838,660
COVID-19 support from authorities	152,886	335,807
Other income	356	0
	991,902	1,174,467

4. STAFF EXPENSES

DKK	2021	2020
Wages and salaries	8,724,419	6,347,571
Pension	504,021	43,178
Social security contributions	105,216	102,078
Other employee expense	319,557	0
	9,653,213	6,492,827
Average number of employees	15	14

Salaries transferred to the balance sheet development projects DKK 6,431,995 (2020: DKK 5,823,486)

5. DEPRECIATION OF EQUIPMENT AND INTANGIBLE ASSETS RECOGNIZED IN PROFIT OR LOSS

DKK	2021	2020
Depreciation development	1,594,728	918,369
Depreciation development adj prior year	0	676,360
Plant/machinery depreciation	11,146	7,619
	1,605,874	1,602,348

6. OTHER FINANCE INCOME

DKK	2021	2020
Finance income arising from group enterprises	0	2,201
Other finance income	103,877	0
	103,877	2,201

7. TAX EXPENSE

DKK	2021	2020
Corporate Tax, current	-1,591,250	0
Corporate Tax, adj prior year	0	-84,790
Deferred tax, adjustment	-433,771	-274,234
	-2,025,021	-359,024

8. COMPLETED DEVELOPMENT PROJECTS

DKK	2021	2020
Cost at the beginning of the year	17,989,027	17,989,027
Cost at the end of the year	17,989,027	17,989,027
Depreciation and amortization at the beginning of the year	-5,231,198	-3,636,469
Amortization for the year	-1,594,728	-1,594,729
Impairment losses and amortization at the end of the year	-6,825,926	-5,231,198
Carrying amount at the end of the year	11,163,101	12,757,829

9. DEVELOPMENT PROJECTS IN PROGRESS

DKK	2021	2020
Cost at the beginning of the year	15,019,665	8,035,154
Addition during the year, incl. improvements	7,232,958	6,984,511
Cost at the end of the year	22,252,623	15,019,665
Carrying amount at the end of the year	22,252,623	15,019,665

10. DEVELOPMENT PROJECTS SPECIAL PREREQUISITES

Brain+ A/S develops pioneering products for the early detection and treatment of dementia in collaboration with scientific partners. As we continue to develop our product portfolio, the balance sheet reflects investments made in our software and knowledge base, conditional on our anticipation of the future economic benefits derived from these assets. We are fully committed to the completion of all initiatives in the pipeline and trust our track record shows capacity to execute and internalize the value creation of the consortium projects in which we are engaged. For this purpose, we have raised the necessary capital through grants and capital issuances to secure the completion of the projects. With experienced scientists, a regulatory affairs manager, a full-stack development team, and a commercial team, it is our top priority to transform and commercialize our assets with validation from Biogen, RoX Health, European Innovation Council, and the Danish Foreign Ministry. With completed development projects and a promising diversified pipeline, we see great commercial potential in different go-to-market approaches, and especially our close ties to the scientific community made us capable of developing unique intangible assets and a competitive market position. As demonstrated by the growing societal burden of dementia and the support from our external parties, we are addressing a market with enormous demand.

Our portfolio comprises a range of both medical and non-medical solutions, that ensure commercial, competitiveness, and regulatory risks are mitigated even in the event of negative clinical trial results or commercialization challenges.

Management sees no impairment issues regarding development projects.

11. FIXTURES, FITTINGS, TOOLS AND EQUIPMENT

DKK	2021	2020
Cost at the beginning of the year	66,614	50,952
Addition during the year, incl. improvements	125,240	15,662
Cost at the end of the year	191,854	66,614
Depreciation and amortization at the beginning of the year	-36,098	-28,479
Amortization for the year	-11,146	-7,619
Impairment losses and amortization at the end of the year	-47,244	-36,098
Carrying amount at the end of the year	144,610	30,516

12. EARNINGS PER SHARE

DKK	2021	2020
The calculation of earnings per share is based on:		
Profit/(loss) for the period	-7,079,752	-1,278,724
Number of shares		
Beginning of the year	95,830	95,830
Capital increase	2,275	0
Capital increase*	889,405	0
Capital increase	3,950,060	0
Capital increase	2,089,800	0
Capital increase	4,788,542	0
Number of shares total	11,815,912	95,830
Average number of shares	5,321,820	95,830
Effect of dilutive potential ordinary shares:		
Share options	4,788,542	0
Weighted average number of shares for calculation of diluted earnings per share	10,110,362	95,830
Earnings per share (EPS)	-1.33	-13.34
Earnings per share, diluted (DEPS)	-0.70	-13.34

The note does not include EPS for half-year result due to the listing of the company occurred in October 2021 and no half-year result has been published until then.

*Change of unit size of the company's shares in a share split in the ratio 1:10, so the unit size is changed from DKK 1 to DKK 0.10.

13. PROVISIONS FOR DEFERRED TAX

DKK	2021	2020
Deferred tax	-457,299	-1,507,978
Deferred tax adj prior year	0	616,908
Balance at the end of the year	-457,299	-891,070

14. LONG-TERM LIABILITIES

DKK	DUE AFTER 1 YEAR	DUE WITHIN 1 YEAR	DUE AFTER 5 YEARS
Other payables	733,854	0	527,731
	733,854	0	527,731

15. DEFERRED INCOME, LIABILITIES

DKK	2021	2020
Deferred income, beginning of the year	22,284,054	15,108,094
Deferred income, addition during the year	238,500	8,014,620
Deferred income, disposal during the year	-838,660	-838,660
	21,683,894	22,284,054

16. CONTINGENT LIABILITIES

The Company has commitment to a rent of DKK 308,100 after year-end 2021.

The Company has earlier been jointly taxed with Brain+ Holding ApS, company reg. no. 34478201, as administration company. The Company is subject to the Danish scheme of joint taxation and is proportionally liable for the tax claims within the joint taxation scheme.

No further contingent liabilities exist at the balance sheet date.

17. WARRANTS

	NUMBER OF WARRANTS	VESTING PERIOD	EXERCISE PERIOD*	OUTSTANDING WARRANTS	AVERAGE EXERCISE PRICE DKK
Warrants 2014/2015:					
Regular warrants granted	149,600	Sept 2015-Aug 2016	17-30 June 2021	0	0.10
Warrants 2015/2016:					
Regular warrants granted	156,350	Sept 2015-Aug 2016	17-30 June 2021	0	0.10
Warrants 2016/2017:					
Regular warrants granted	101,750	Sept 2016-Aug 2017	17-30 June 2021	0	0.10
Warrants 2017/2018:					
Regular warrants granted	364,750	Sept 2017-Aug 2018	17-30 June 2021	0	0.10
Long-term warrants granted	80,400	Sept 2017-Aug 2021	17-30 June 2021	0	0.10
Total	445,150				
Warrants 2018/2019:					
Regular warrants granted	188,250	Sept 2018-Aug 2020	17-30 June 2021	0	0.10
Long-term warrants granted	78,545	Sept 2018-Aug 2022	17-30 June 2021	0	0.10
Total	266,795				
Warrants 2019/2020:					
Regular warrants granted	242,995	Sept 2019-Aug 2020	17-30 June 2021	0	0.10
Long-term warrants granted	129,989	Sept 2019-Aug 2022	17-30 June 2021	0	0.10
Total	372,984				
Warrants 2020/2021:					
Regular warrants granted	298,575	Sept 2020-Aug 2021	17-30 June 2021	0	0.10
Long-term warrants granted	298,575	Sept 2020-Aug 2022	17-30 June 2021	0	0.10
Total	597,150				

*Note that all regular and long-term warrants have been exercised before the IPO.

Warrants granted via units in IPO					
By public subscription from 17-30 Sept 2021	4,788,542		17-30 Oct 2022	4,788,542	TBD**
Outstanding as at December 31 st 2021				4,788,542	

** The Exercise price is equal to the weighted average Brain+ share price over the 10 trading days leading up to October 17th 2022 less 30%.

The Board of Directors is authorized during the period until December 31st 2021, to resolve to increase the company's share capital at one or more times by up to nom. DKK 478,854.20 (equivalent to 4,788,542 shares of nom. DKK 0.10 each) without preemption rights for the existing shareholders against cash payment and/or conversion of debt at market price and on terms to be decided by the Board of Directors.

