



Summary of H1 2023 report: Brain+ has closed new sales contracts, built key customer engagement, developed a new product concept, achieved technology validations and secured new funding

Brain+ APS (BRAINP) - Company Announcement

Thursday, August 31, 2022, 8:30 CET

Today, Brain+ has released its financial report for the period 1 January - 30 June 2023 (unaudited) including a business update for the year to date.

Business highlights:

- We have expanded our first sales contract with the municipality of Herning and closed our second contract with a dementia care institution in Gladsaxe municipality, both giving CST therapists access to use our Danish CST-Therapist Companion v1.0 to support the delivery of Cognitive Stimulation Therapy (CST) group therapy to people with dementia.
- We have engaged with Malteser Hilfsdienst, one of Germany's largest charitable dementia service providers, giving trial access to our German CST-Therapist Companion v1.0 with the objective to expand use of the product to support the delivery of CST across their special dementia care cafés
- We have showcased CST-Therapist Companion at Dementia and Elderly Care Conferences in Denmark and Germany and generally been met with keen interest for our offering
- We successfully concluded the EU Horizon 2020 funded project 'Alzheimer's Detect & Prevent' with
 - early indications of clinical feasibility for Brain+' Starry Night cognitive test and Computerized Cognitive Training technology
 - EUR 110,000 in additional funding to Brain+
- Extension of collaboration with Swedish dementia specialist including new EU grant funded research to further mature Brain+' CST and CCT technologies
- Executed a successful unit rights issue, raising a total of DKK 14.3 million in gross proceeds

Financial results for H1 2023:

- Gross profit of DKK 1.6 million (H1 2022: DKK 1.9 million). Capitalized costs related to the advancement of grant funded projects, which is the largest component in our gross profit, were approximately DKK 0.3 million lower than in the same period last year following the completion of the Alzheimer's Detect & Prevent project.

- Staff expenses of DKK 6.2 million (H2 2022: DKK 6.6 million). The reduction in staff expenses is a reflection of our cost conscious approach.
- Depreciations and amortizations of DKK 2.0 million in H1 2023 (H1 2022: DKK 0.8 million). After completion of the Alzheimer's Detect & Prevent project, we have started to depreciate the total amount activated on the balance sheet from the project.
- Result from operating activities was to DKK -6.6 million (H1 2022: -DKK 5.5 million)
- Total loss of DKK 6.1 million in H1 2023 (H1 2022: A loss of DKK 4.1 million), including the positive effect of DKK 0.5 million in calculated tax credits for our R&D expenses in H1 2023.
- Cash flow from operating and investing activities was DKK -11.0 million and DKK -6.9 million excluding one-off project related working capital elements in H1 2023 (H1 2022: DKK -7.5 million).
- Cash flow from financing activities was DKK 9.9 million (H1 2022: DKK 0.0 million) and the company's cash position was DKK 5.3 million on 30 June 2023 (30 June 2022: DKK 2.5 million).

Letter to shareholders and other stakeholders from the CEO, Kim Baden-Kristensen

"I am happy to present Brain+' financial report for the first half of 2023, which has been a busy period with several important achievements for our company.

On the commercial side, we have closed two Danish sales contracts and built valuable customer engagements in the field of dementia care in both Denmark and Germany. In parallel, we have advanced our pipeline of new CST-based digital products, had clinical feasibility indications for our cognitive training technology (CCT), received extra grant funding, and extended our dementia expert partner network. Not least, we have secured additional funding despite difficult capital market conditions. With this, we are moving forward in accordance with the plans presented at our IPO and latest in our memorandum from April this year, towards making effective digital therapy solutions available to benefit people with dementia and their caregivers, relieving a heavy societal burden and driving growth for our company.

Our financial results for the reporting period are in line with our forecast for the full year and reflect our cost-conscious approach, while we build the foundation for new products and increasing sales.

Dementia care represents an area of very high unmet needs, putting immense pressure on societies around the globe. The potential for digital therapy to help overcome this challenge is big, and it is encouraging for Brain+ to witness the growing acknowledgement and commitment from both policy makers, healthcare institutions and the pharmaceutical industry to support the field.

We aim to enhance value creation through partnerships, and I am confident that Brain+ is in a strong position to become a major contributor to building a future ecosystem of dementia care, considering our unique CST product suite, our brain stimulation technologies, and our broad dementia stakeholder network.

With the introduction of version 1.0 of our first digital product, CST-Therapist Companion, we are building customer awareness and engagement around our digital offerings to support the delivery of Cognitive Stimulation Therapy (CST); starting in Denmark, expanding step-by-step in Germany, and targeting the UK, which as the CST home country represents a highly attractive market with widespread established adoption. In parallel, we are developing more advanced versions of our CST-Therapist Companion product and planning clinical studies to start in Q4 with leading experts in Denmark and Germany. Also, we have started the development of the 2nd digital CST-based product in our portfolio, CST-Home Care. This product is intended to extend the use of CST to the homes of people with dementia, representing a very considerable market opportunity.

The Unit Rights offering we completed in May secured important new capital to our company, and I am very grateful to both existing and new shareholders for their trust and support. As part of the offering, we issued TO2 warrants, which will be exercisable in October as a next important financing event. In due consideration of the high price of capital for young growth companies, we are also working to secure capital via other routes, including non-dilutive public grant funding, and we remain highly diligent on our operational cost level to secure our runway.

I wish to extend my thanks to all stakeholders, including not least our dedicated team of employees, whose hard work and commitment is key to our progress. I look forward to continuing our journey together and to sharing our next business milestones with the market through the rest of 2023."

Outlook for H2 2023

Business events and milestones

- Introduce CST-Therapist Companion v1.2 in Denmark. This product will include updated technical features relative to the first version of the product for extended usability.
- Close 3-4 new sales contracts on CST-Therapist Companion with Danish municipalities.
- Execute IP protection of our product design in EU, UK, US and Japan.
- Finalize the development of an upgraded version 2.0 of CST-Therapist Companion for clinical trials. This product version will include several new user features as well as both scalable and customizable content offerings to optimally support the delivery of CST.
- Initiate the development of CST-Home Care, a digital product intended to scale the use and benefits of CST into the homes of people with dementia.
- Start of clinical feasibility trial of CST-Therapist Companion v2.0 in Denmark in collaboration with leading dementia specialist, Professor Rikke Gregersen, Scientific leader of applied dementia research at VIA University College.
- Start usability study of CST-Therapist Companion in Germany in collaboration with leading dementia specialist, Professor Katja Werheid, Clinical Neuropsychology and Psychotherapy at Bielefeld University,
- Initiate medical device status for the CST-Therapist Companion v2.0 product, targeting commercial introduction in 2024.
- Start clinical pilot studies of the CCT product in healthy elderly and elderly with MCI in collaboration with project partners.
- Sign new partnership agreements.

Financials and funding

We maintain our expectations of a gross profit for the full year 2023 of DKK 3-4 million.

The company's cash position on 30 June 2023 is expected to fund operations until additional financing will be realized. The next funding event will be the exercise period for 28.5 million outstanding TO2 warrants from 2 – 16 October. In addition, we have submitted applications for up to DKK 67 million in combined non-dilutive public grant funding and equity, where we expect the first payments in early 2024 pending grant approval.

The full H1 2023 report can be found here: <http://www.brain-plus.com/half-year-report-final-31-08-2023/>

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