



Commercial outlook and potential impact of grants and partnering activities

Copenhagen, Denmark, 12 October 2023 – Brain+ A/S (Nasdaq First North: BRAINP)

- The 4th quarter of the year is “buying season” for Danish municipalities, which Brain+ expects to translate into 3-4 new sales contracts on its digital offering, CST-Therapist Companion
- Brain+ has applied for new grants and ECB equity funding of a total of DKK 67 million, including a DKK 20 million EIC Accelerator grant with a potential pre-payment of 45% at project start, planned for 1st quarter 2024. Answers on grant applications are all expected in 2023.
- Brain+ is in progressed dialogues with major pharma players active in the Alzheimer’s dementia field, about co-development in international markets

NB! For investors who have read the recent Brain+’ **‘Investor update’** prepared in connection with the ongoing exercise period for the company’s warrants of series TO 2, please read additions in *this release in italics*.

Imminent commercial acceleration: Brain+ expects to hit the next critical value inflection point and proof of business with its first product, CST-Therapist Companion (CST-TC), in Denmark. Two B2G municipal contracts have been signed earlier this year, including a first ‘foot-in-the-door’ contract doubled to DKK 80,000. The 4th quarter of the year is “buying season” for Danish municipalities, which Brain+ expects to translate into 3-4 additional sales contracts with new reference customers in 2023. With a pipeline of qualified sales leads across 40 municipalities and growing among a total of 98, the goal is general adoption, and for 2024, the company expects a further 10-20 new customers, based also on the planned release of a substantial product upgrade; CST-TC v 2.0.

While the Danish market for digital dementia therapeutics is small compared to markets in the UK, Germany, and the US, it is providing proof of business, important customer references, product-market fit, experience in implementation in health care systems, key user input to continued product development, data access and evidence, as well as early revenues. Brain+ is expecting to release its CST-TC v2.0 also in Germany and the UK in 2024 and later also in the US and other large countries, which in combination will provide access to a multi-million USD market.

Larger scale B2G acceleration as next commercial steps in Denmark and beyond: the UK, Germany, and the US: In parallel with commercial scaling in Denmark, larger scale acceleration will be pursued in the UK, Germany and Denmark through: 1) the release and commercialization of a considerable product upgrade, CST-TC v2.0 (2024), 2) medical device certification for the product (2024), 3) launch of the CST-Home Care product for extension of digital Cognitive Stimulation Therapy (CST) to the homes of people with dementia (starting in 2025) and 4) supported by expected large scale reimbursement of CST-Home Care in 2025 (forecasted average EU pricing of €600 per patient per treatment).

Large pharma players incoming: Cognitive stimulation therapy (CST) enhances the effects of Alzheimer’s drugs. Brain+ is in progressed dialogues with major pharma players active in the

Alzheimer's dementia field, about co-development in international markets. The company has already since 2022 been working in partnership with Rox Health (Roche) on market access in Germany.

Prices on DTx products are set to increase: As the Digital Therapeutics (DTx) category gains acceptance and products mature, the path to price increases specifically for Brain+ will be paved also by a) release of a significantly upgraded version 2.0 of CST-Therapist Companion in H1 2024, b) medical device certification of the product, c) establishment of clinical evidence for CST-Therapist Companion, d) achieving reimbursement, and e) the customer engagement effect of the ongoing integration of Brain+ products in the official CST educations in both Denmark, Germany and the UK.

Strengthening of CST fundamentals and team partnering experience: CST gained global recognition and policy support in 2022 and is currently being adopted in 38 countries. Industry veterans with strong experience in pharma-DTx deals recently joined both the team and board.

Grants are an important part of the Brain+ DNA. Adding to a successful track record of DKK 72 million in innovation grant funding raised to date, Brain+ in August 2023 made three new public grant applications, which are in process to raise up to potentially DKK 67 million in further soft and equity funding from Q1 2024.

The grant applications recently submitted cover market access and commercial scaling activities as well as late-stage product development for Brain+' two most mature DTx products; CST-TC and CST-Home Care. Both products are software-based offerings to scale the implementation and therapeutic use of Cognitive Stimulation Therapy (CST) to improve cognitive function and quality-of-life for people living with mild to moderate dementia. Two of the applications, 1) the EIC Accelerator grant application of DKK 60 million and 2) the CO-PI grant application of DKK 4 million, have positively passed the first evaluation round. Final answers are expected in November-December for all three grants.

Potential short-term impact of the DKK 60 million EIC Accelerator grant & equity funding application: The EIC Accelerator application has two components: a grant of approximately DKK 20 million and an equity funding from the European Central Bank (ECB) of DKK 40 million DKK. The DKK 20 million are designated for development activities of the CST-Home Care product, while the DKK 40 million in equity funding are designated for commercialization and scaling. The project has a planned term of 2-years, starting immediately upon approval, as Brain+ has a fully prepared project plan ready for execution. An EIC Accelerator grant funding will include a **pre-payment of normally 45% of the total grant awarded, corresponding to potentially DKK 9 million to Brain+ to be received just before or shortly after the start of the project, pending approval of the application.** The remaining DKK 11 million will expectedly be paid over the first 1-1.5 years of the project. The DKK 40 million equity funding will be in the form of a committed investment from the European Central Bank (ECB) and can in practice come into play as soon as negotiations of terms and syndication is in place. The terms of the ECB investment will be based on usual equity market terms, but will also take into account the value of the grant itself. The right timing of taking in the committed equity will depend on the market valuation of Brain+ and the general equity market conditions as well as on getting the right syndication partner. There is also the possibility to tranche a committed ECB funding to be exercised over several rounds with varying terms.

Aiming much higher in a longer term perspective: On a 3-5 year horizon, Brain+ aims to be for dementia, what Click Therapeutics has become to digital cognitive behavioural therapy: world leader in its space with several hundred-million USD worth of pharma co-development deals, and to be what Omada has become to diabetes care, leading and driving forward digital care, leading to a post-money valuation of the company in the range of \$1B to \$10B in 2023.

In short, Brain+ aims to drive and lead adoption of digital dementia treatment, starting in Europe, then the US and on to the rest of the world. The company's achievements to date, its unique offerings and position in the dementia DTx space and the fast track maturing of the DTx markets in general make these ambitious aspirations attainable.

Overview of commercial, competitive and market achievements since the IPO

Commercial traction:

- First dementia therapy product introduced commercially two years earlier than planned at the time of the IPO
- First B2G sales in the Danish home market with two contracts closed and a pipeline of 40 qualified municipal sales leads
- Brand recognition built and early user engagements established in Germany and the UK

- First strategic partnership with pharma division; Rox Health (Roche) in Germany
- Progressed dialogues with leading global Alzheimer's pharma

Competitive position:

- IP: Design protection and design patents being established in the EU, the UK, US, JP
- Co-development agreements with global CST experts and key opinion leaders
- Brain+ product integration in CST educations in DK, DE, and the UK
- CST recommended for global implementation by Alzheimer's Disease International (ADI).
- Thought leader position in DTx for cognitive stimulation, training and cognitive tests
- Brand recognition and trust in DK, DE, UK, and US
- Greatly extended network of partner alliances in the dementia and CST user field
- Building a database of cognitive function decline patterns

Market trends and growth:

- Cognitive Stimulation Therapy (CST) gained global recognition and policy support in 2022 and is being adopted in 38 countries.
- Pathways for large scale DTx reimbursement now available in UK, DE, US, FR, BE
- Breakthroughs in Alzheimer's medicines have spurred pharm interest in CST and dementia DTx complements
- DTx adoption and investments accelerating after the Covid-19 pandemic

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Mission: Bringing effective digitally-delivered dementia therapies to those in need, serving a million people with dementia, care-givers and clinicians by 2030