



brain+

HALF-YEAR REPORT

2022

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



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MESSAGE FROM THE CEO

2022 is the year I have been waiting for – with our first dementia product now ready for launch!

Our partnership with RoX has enabled an accelerated product development and helped identify a faster route to market for *Cognitive Stimulation Therapy – Therapist Companion*. Consequently, we have been able to advance commercial launch of the product in Denmark to Q4 this year and in Germany to Q2 2023.

Everywhere I talk to people about Brain+, they tell me how important what we are doing is, and being able to offer our first digital product to the dementia community is a meaningful first step towards fulfilling our mission: To make effective dementia treatments available to everyone, everywhere, as Digital Therapeutics. Building on the upcoming launches in Denmark and Germany, we plan to scale our sales efforts and expect to enter 1-2 new markets every year from 2023.

In 2022, we also received results from 3 clinical trials and now have positive early evidence for the therapeutic effects of our three core technologies. The results have fueled strategic partnership dialogues and informed the next steps of clinical development. The rest of 2022 will yield additional readouts from several ongoing studies. The next major clinical value inflection point is a pivotal trial with our Cognitive Stimulation Therapy, which pending results, may support regulatory certification in EU and reimbursement in Germany and other markets.

During 2022, we've also succeeded in adding core competences to our team and strengthened finance, quality and compliance management, research, and software engineering. We have also expanded our Board of Directors with heavy hitters within Life Science, Digital Therapeutics, and dementia and Alzheimer's disease. These competencies fortify our ability to leverage our position as a pioneer in DTx for dementia, enabling us to commercialize our unique suite of products, expand our technology platform and build clinical data, secure IP, and strengthen our dementia stakeholder network.

To deliver on our promises against the current market backdrop of heightened volatility, we diligently prioritize costs to strike a firm balance between value creation and financial runway, while we work to secure additional funding. One material funding event will take place in October, when 4.8m publicly traded Brain+ warrants can be exercised for new shares at a 30% discount to the market price. We also expect to receive grant funding from ongoing projects (Brain+ has a strong track-record with soft funding and has to date raised more than €8 million via this non-dilutive path), pursue additional grants and generate initial sales. We also explore other funding avenues, incl. potential investments from new equity investors, via loans and partner deals.

Importantly, 2022 has so far brought a surge in DTx interest from the pharma industry and we are in talks with several of the big players in the dementia field. Concurrently, we see great advances in DTx reimbursement schemes both in the EU and the US, including the German DiPA reimbursement pathway which can cover our products, global harmonization of digital health quality and regulatory standards, while healthcare providers display a growing appetite to prescribe DTx solutions. We see these market forces drive the value of the estimated addressable market for our products from \$ ~5 billion today to \$ ~15-20 billion by 2035.

I thank our shareholders and network of stakeholders for their support on our journey and very much look forward to sharing our continued progress in the months to come.



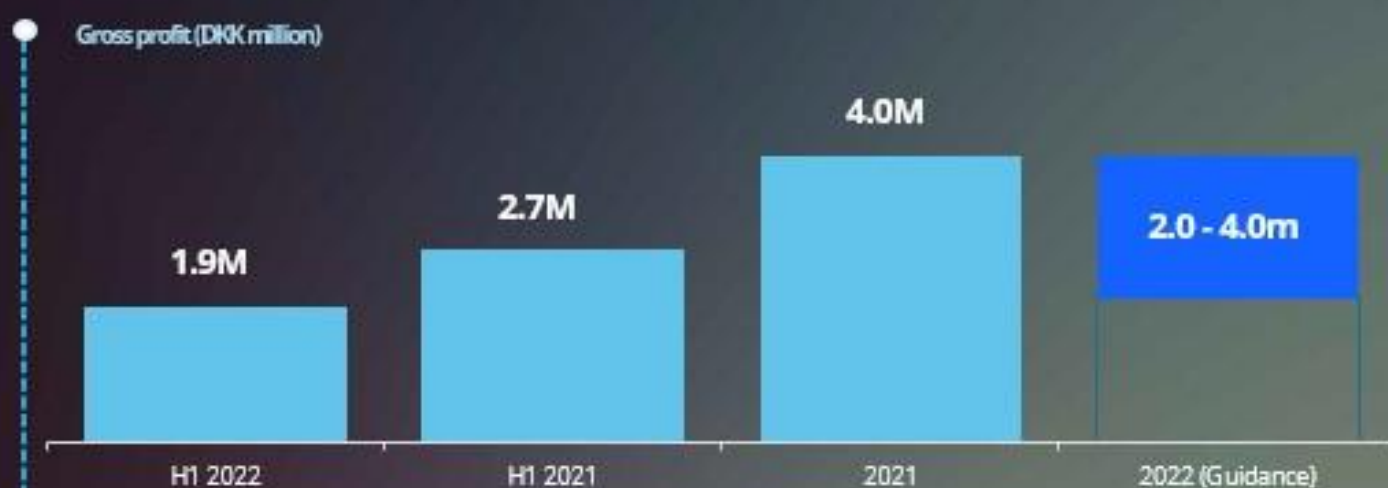
Kim Baden-Kristensen

H1 2022 AT A GLANCE

Business milestones and achievements

- Finalized the Danish version of CST – Therapist Companion for commercialization faster than expected and advanced launch plans to Q4-22 (from previously expected Q2-23)
- Identified faster route to market for German version of CST – Therapist Companion via our RoX partnership, and accelerated product development to enable launch in Q2 2023 (~2 years earlier than projected when Brain+ went public in October 2021)
- Board expanded with three international profiles within Life Science, Digital Therapeutics, and Dementia and Alzheimer's disease: Anders Härfstrand (CoB), Johan Luthman, and Betül Unaran
- Expanded team to strengthen finance, quality and compliance management, research, and software engineering
- 3 clinical results providing positive early proof of concept for our three core technologies
- New strategic collaborations as part of Danish-German Care Alliance, FORTE project, and with Coopmed, a specialized German medtech sales distributor

Financial



Other H1 2022 financial highlights

DKK

-5.5m

Profit/loss from ordinary operating activities

DKK

-7.5m

Net change in cash and cash equivalents

DKK

16.5m

End of period equity

DKK

2.5m

End of period cash and cash equivalents

Half-year Report 2022

1 January 2022 - 30 June 2022

Key figures

(DKK)

Income statement	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021	Full Year 2021
Gross profit	1.904.875	2.745.525	3.992.214
Staff expenses	-6.556.620	-4.130.369	-9.653.213
Depreciation and amortization	-813.896	-801.371	-1.605.874
Other finance income/expenses	-36.675	-1.729.188	-1.837.900
Profit/loss from ordinary activities before tax	-5.502.316	-3.915.403	-9.104.773
Profit/loss	-4.119.828	-2.821.718	-7.079.752

Balance sheet

Cash and cash equivalents	2.532.843	5.892.214	9.992.638
Fixed assets	35.545.802	31.750.338	33.560.334
Total assets	41.234.187	39.355.571	43.552.972
Shareholders' equity	16.484.190	-418.146	20.604.018
Share capital	1.181.591	493.757	1.181.591

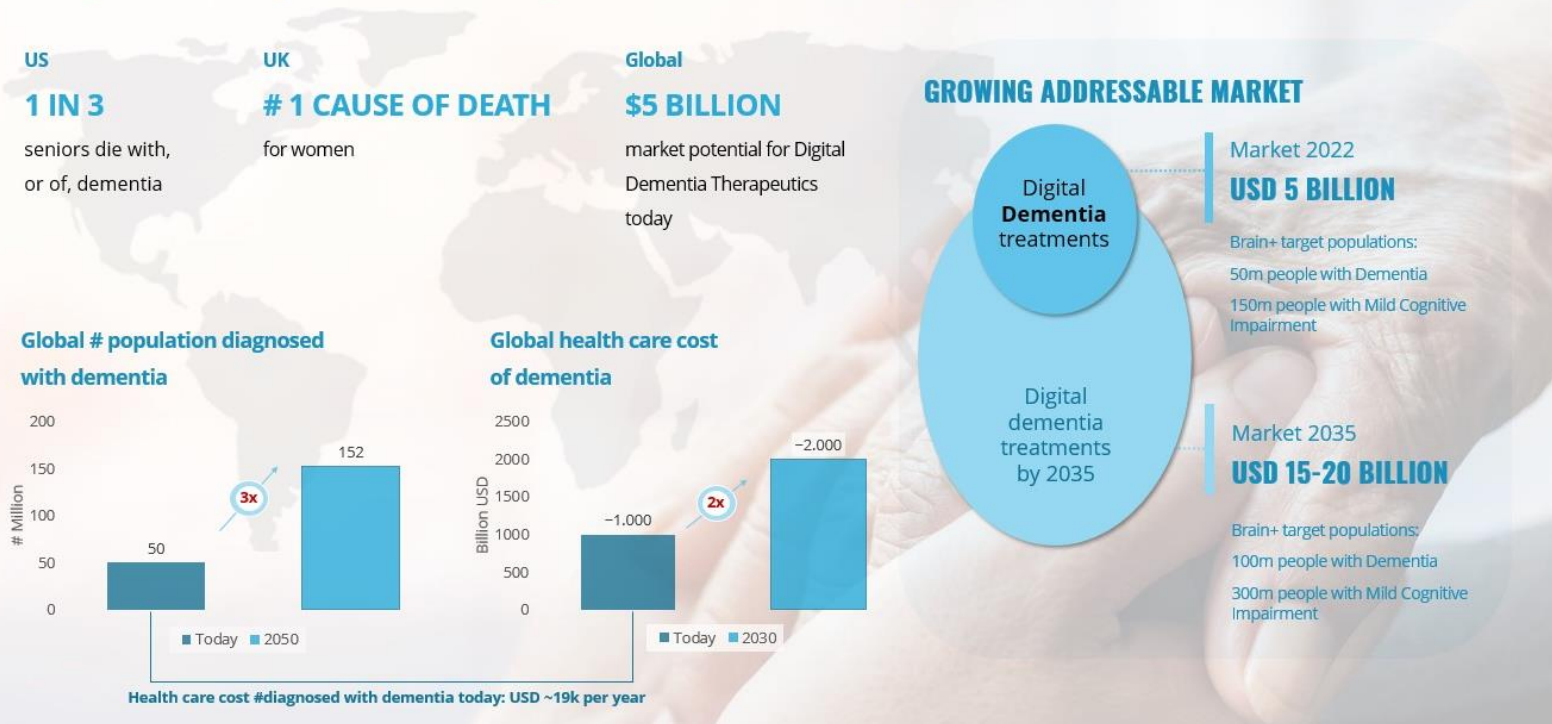
Cash flow statement

Cash flow from operating activities	-4.668.349	-1.770.425	-8.382.370
Cash flow from Investing activities	-2.799.362	-4.743.698	-7.358.197
Cash flow from financing activities	7.917	11.043.880	24.370.748

Financial ratios

Earnings per share	-0,35	-1,68	-1,33
Earnings per share, diluted	-0,25	-0,48	-0,70
Shareholders' equity per share	1,40	-0,08	1,74
Equity ratio	0,40	-0,01	0,47
Shares outstanding	11.815.912	4.937.570	11.815.912

Large market potential for Digital Dementia Therapeutics



Strong forces drive the market for dementia DTx

Dementia represents a vast and growing challenge to healthcare systems, patients and caregivers. With an annual treatment cost of ~1% of global GDP, it is among the most expensive diseases today. The combination of aging demographics, and scarcity of effective treatments today, signify a material and accelerating unmet clinical need.

The success of Digital Diabetes Care serves as an illustrative indicator of the potential for Digital Dementia Therapeutics adoption as it matures. The global cost of Diabetes Care is \$ ~800B and in 2021 the actual market size for Digital Diabetes Care was \$ 11.5B (1,4%) and it is projected to reach \$28B in 2028.

For Digital Dementia Therapeutics, the estimated current addressable market is \$ ~5B, or 0,5% of the total \$ ~1.000B Dementia treatment cost. However, as Digital Therapeutics have established their relevance and value as a new medical class, particularly for diseases with strong behavioral and mental indications, we anticipate the addressable market will expand to \$ ~15-20B by 2035.

Global dementia prevalence on the rise and addressable market for Digital Dementia Therapeutics is expanding

In the decades ahead the world will reach a demographic tipping point, as a growing elderly population in need of treatment drives unsustainable healthcare costs. A key driver is growing dementia prevalence, Brain+'s target market. More than 50 million people have been diagnosed today, and this figure is expected to triple to 152 million by 2050.

The Digital Dementia Therapeutics industry remains young. Product adoption is rising from a small base, with favorable regulatory and reimbursement trends, and healthcare providers are displaying appetite to prescribe Digital Therapeutics.

Mordor Intelligence estimates a 24,2% market CAGR for Digital Therapeutics 2022-2027 broadly. Regulatory approvals are also coming, and Morning Consult (2021), reports the FDA has approved at least 35 Digital Therapeutics since 2017. The interest to provide Digital Therapeutic coverage is also on the rise. A study by Clarivate (2020), surveyed 157 pharmacy and therapeutic committee members who make formulary decisions within hospitals and 44% to 56% were interested in providing Digital Therapeutic coverage.

Positive reimbursement coverage trends mirror this positive sentiment, and are expected to drive future Prescription Digital Therapeutics ("PDT") / DTx sales. The estimated addressable market for Digital Dementia Therapeutics is today \$ ~5 billion, corresponding to only 0,5% of

dementia healthcare costs or \$ ~100 per person with dementia.

Collectively we expect tailwinds to drive the **addressable market for Digital Dementia Therapeutics to \$ ~15-20 billion by 2035**. Strong positive drivers of this development include demographic developments, the maturation and standardization trend in regulatory and reimbursement pathways, and documented efficacy of DTx solutions via clinical validation.

Effective Digital Dementia Therapeutics are scarce

There is an abundance of simple Digital Dementia tools to manage daily tasks, but a blue ocean for actual therapeutics, backed by clinical evidence. A thorough analysis by our partner, the digitally focused subsidiary of Roche, RoX Health, concluded few solutions with therapeutic-class potential existed, and that Brain+ technologies hold significant promise.

Dr. Nikos Green, Senior Venture Architect & PO Neuroscience, Rox Health:

"We have done thorough analysis of digital solutions in the Alzheimer's and dementia space, and based on this we find the Brain+ technologies very promising."

6 months of strong progress on adoption drivers for Digital Dementia Therapeutics

The past six months brought recent breakthroughs in the establishment of US and EU-wide Digital Therapeutics (DTx) reimbursement and regulatory pathways and is paving the way for faster adoption of DTx. These include revised FDA regulations, the establishment of DiPA in

Germany, the founding of NordDEC, and major DTx reimbursement coverage (Kaia 15m lives in US/60m globally, Deprexis 15m lives in the US). The UK's National Institute for Health and Care Excellence (NICE) endorsed the first DTx to treat insomnia, and the number of apps approved for national reimbursement via the Digitale Gesundheitsanwendung ("DiGA") in Germany grew to 32.

DiPA – new reimbursement in Germany

In June 2022, the German Federal Institute for Drugs and Medical Devices (BfArM) announced the establishment of new procedures to verify reimburseability of digital care applications through the Digitale Pflegeanwendungen ("DiPA") pathway.

For products like Brain+ CST – Therapist Companion, qualification under the new DiPA (end users), and the existing DiGA pathway (caregivers), can unlock access to reimbursement for all caregivers (DiPA) and for the ~1.5m German citizens with dementia (DiGA) covered by statutory German health insurance. The insurance sick fund will pay up to € 50 per month for DiPA approved solutions, and € ~200-600 for Psyche category DiGA solutions per treatment (~quarter). In comparison, US regulated Prescription Digital Therapeutics tend to be priced in the \$ 500-1500 per treatment (~quarter) range.

The new DiPA procedure is part of a broader European movement, and other countries are following along this path. Belgium has launched the mHealthBELGIUM process, and in 2021,

President Macron announced France will launch a DiGA-like expedited reimbursement process in 2022.

NordDEC

In June 2022, the Nordic Digital Health and Evaluation Criteria ("*NordDEC*"), the world's first cross-border digital health accreditation system, was created. The NordDEC unifies digital health standards across Sweden, Denmark, Norway, Finland, and Iceland to facilitate streamlined adoption of safe digital health solutions in these markets. For healthcare providers, NordDEC provides a system in all five countries to identify and evaluate digital health technologies within healthcare and preventive care.

Unified NordDEC standards may provide Brain+ a transparent path to all Nordic countries, and unlock additional international markets. According to UK-based ORCHA, (the Organisation for the Review of Care and Health Apps), NordDEC will give DTx companies "a good springboard to easily meet the requirements to enter other geographies, such as the UK, Netherlands, Canada and the US".

Revised FDA regulations

HCPCS (reimbursement) codes enable medical coding for commercial- and Medicaid healthcare payers and are therefore instrumental to secure reimbursement in the United States. In April 2022, the Centers for Medicare & Medicaid Services ("*CMS*") implemented a new medical code for *Prescription Digital Therapeutics* that helps facilitate the

health-insurance reimbursement of expenditures related to digital behavioral therapy. (HCPCS Level II code A9291, “Prescription Digital Behavioral Therapy, FDA Cleared, per Course of Treatment”).

The new code signifies an important step toward establishing a standard for the

coverage and payment of Digital Therapeutics in the United States. The CMS position may improve US adoption of Prescription Digital Therapeutics. The ~330m US population, elevated PDT pricing, and conducive regulatory environment, makes the US a priority market for future Brain+ entry.

Why Brain+ is positioned to be a leader in Digital Dementia Therapeutics

Team



- Brain+ is a pioneer and first mover in digital therapies for dementia
- 10-years of R&D and commercial expertise, building technology, IP and brand assets within brain disorders and cognition, particularly dementia and Alzheimer’s disease
- Top talent across both the 20-person Brain+ team and Board

Technology



- A full digital therapeutics technology platform, designed to comply with regulatory and data privacy requirements in the EU and US
- First digital dementia product, CST-Therapist Companion, ready for launch in DK in Q4 2022, and Germany in Q2 2023
 - 2 other CST products currently in R&D expected to launch in the coming years

R&D



- Pipeline of additional technologies for dementia incl. Computerized Cognitive Training to treat Mild Cognitive Impairment, and Starry Night, a memory test for early pre-clinical screening and detection of Alzheimer’s.
- 4 clinical trials in feasibility and PoC phases successfully completed with positive indications on all three core technologies
- 6 ongoing studies, fully funded by grants, that will provide data in 2022 and 2023

Partnerships



- Partnerships with world-class institutions, incl. 7 universities, the EU, and the global dementia patient organizations Alzheimer Europe, and Alzheimer’s disease international
- Partnership with major pharmaceutical company within dementia/Alzheimer’s, Roche, via Rox Health, to bring our initial CST product to the German market

Funding



- Expertise in grant-funded R&D with €8m raised collectively in soft funding. Grants will continue to co-finance product development and early R&D
- IPOed Brain+ A/S on Nasdaq First North in 2021, providing access to capital and enabling talent attraction and partnerships



Management Commentary

Business fundamentals

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 referred to as Digital Therapeutics (DTx) or Digital Medicine.

Brain+ digital therapies can be used on their own or in combination with traditional drug treatments. We believe the future of healthcare will combine the best of both the digital and the pharmacological world for mutually enhancing benefits, including synergies in compliance, patient engagement, and mechanisms of action for better health outcomes.

Our ongoing strategic partnership dialogues with leading pharmaceutical companies indicate that DTx's

complementarity potential is a perspective shared across our industry.

Pharmaceutical companies are looking for digital companion products. With 143 drugs in the current Alzheimer's disease drug development pipeline and 47 trials in Phase 3, the partnership potential is significant.

BRAIN+ 3 CORE TECHNOLOGIES: 2 DEMENTIA THERAPIES, AND 1 COGNITIVE TEST

First launch

COGNITIVE STIMULATION THERAPY

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



24 CST sessions: exercises and activities, presented visually with interactive features (1h/session)

Empowers patients and care-givers, allows at-home / remote treatment

Virtual audio coach - guiding users step by step, intro by KOL dementia expert

COMPUTERIZED COGNITIVE TRAINING

Therapy designed to train brain functions and prevent cognitive decline and progression to dementia in risk populations, like mild cognitive impairment



12 cognitive training exercises/video-games in engaging 3D environments (20-30min/session)

Personalized cognitive training plan, mix of training games and audio lessons

>100 virtual brain coach audio-sessions e.g. mindfulness, or stress management

STARRY NIGHT

A special memory test designed to identify early signs of Alzheimer's Disease, originally developed and validated at Oxford University, then further co-developed with Brain+ for scale and remote use



Identifies very early symptoms of cognitive decline related to Alzheimer's (5-10min/test¹)

Designed for remote testing at home

Currently being tested and validated in 4 clinical trials, has positive PoC

1) Expected in final form, longer during trials to gather data

OVERVIEW OF TECHNOLOGIES AND PRODUCTS

Technology	Product	Regulatory class	Product maturity stage					
			Exploratory	Pilot	Clinical feasibility	Pivotal studies	Regulatory	Commercialization
Cognitive Stimulation Therapy (CST)	CST-Therapist Companion	Tool for therapists				n/a*	n/a	
	CST-Home Care	Medical device software Class 1/2a						
	CST- Stand Alone	Medical device software Class 2a						
Computerized Cognitive Training - 2 nd Generation*	CST+CCT for mild cognitive impairment	Medical device Software Class 2a						
Starry Night cognitive test	Starry Night early detection	Medical device Class 2a						

* Since CST-Therapist Companion is not a medical device, pivotal & certification is not needed to commercialize it.



Development in activities

Brain+ is ahead of plan and has announced the launch of its first dementia product, Brain+ CST - Therapist Companion for Q4 2022, moving the company into full commercial operations. We have received results from 3 trials, and now have proof of concept for our three core technologies, representing important validation milestones, and await output from 6 additional ongoing studies in 2022-23. We have also expanded our partner network with several promising additions.

Launch of Cognitive Stimulation Therapy – Therapist Companion, accelerated in both Denmark Q4 2022 and Germany Q2 2023

During the first 6 months of 2022, Brain+'s strategic partnership with RoX Health, a part of Roche, has been advancing successfully. The RoX Partnership helped identify a faster route to market and has resulted in accelerated product development.

With the valuable insights and support from the partnership, Brain+ has confirmed its plans for the commercial launch of its first dementia product in Germany during Q2 of 2023, almost three years ahead of expectations at the time of the IPO in October 2021.

The initial business model is Software-as-a-Service ("SAAS") to Danish municipalities (responsible for dementia care in DK) and elderly and dementia care homes and services in Germany. Later versions of the digital CST product currently in development by Brain+, are expected to be sold as reimbursable prescription products.

Germany has 2,275 nursing homes (fully in-patient) specialized in dementia, and the market potential for digital CST solutions is an estimated € 400m.

In the Danish market, Brain+'s progression has been even faster. Here Brain+ is a full 3 years ahead of plan, and we have announced launch of Brain+ CST - Therapist Companion already in Q4 2022.

In Denmark, 90.000 people live with dementia and 33 of the 98 Danish municipalities offer CST today. The Danish market potential for digital CST solutions is an estimated DKK 200m.

The focus is to build commercial traction internationally

Beyond 2023, Brain+ intends to enter 1-2 new markets annually. The UK and US are high-priority markets, but we are also eyeing additional European and global markets, potentially via strategic partnerships.

Cognitive Stimulation Therapy (CST) is the leading non-pharmacological treatment of dementia, and the recommended standard of care in Germany and the UK and is used in 35 countries today. Brain+ is the pioneer in digitizing and commercializing CST, and we are working closely with global KOLs, to leverage and facilitate this adoption wave.

Focused clinical development pipeline

Brain+ collaborates with 7 Universities, 2 major patient organizations, several NGOs, memory clinics, hospitals, and public and private healthcare providers.

With the support of this strong extended network, we are co-developing and validating our technologies and products. Ongoing activities include support for 6 fully grant-funded ongoing studies.

Next steps in clinical development

The results from the six ongoing trials will provide important design inputs for our pivotal clinical trial on the CST product line

for dementia, and a pilot clinical trial for the proprietary Computerized Cognitive Training (CCT) method for Mild Cognitive Impairment.





















The MCI pilot is already funded by a Eurostars grant-funded project that we are running with Aarhus University and the German Neurogames.

The purpose of the pivotal trial on CST is to validate Brain+ digital CST against original non-digital CST (7 weeks, on par), and to assess whether extended in-home use (~12 weeks) maintains the effect, to provide data needed both for regulatory certification- and secure reimbursement for digital CST. Before the pivotal trial, a few short feasibility studies are needed to ensure we hit target end-points.

The pivotal CST trial can be funded in several ways. Options include externally via equity or debt, or grants (a viable option given the strong track-record Brain+ has with grants). Another option is via a strategic partnership.

Results from both these studies represent material regulatory, reimbursement, and IP value inflection points. The funding optionality implies clinical progress may continue irrespective of external market conditions, although at a reduced pace.

6 FULLY GRANT FUNDED ONGOING TRIALS WILL GIVE READOUTS IN Q4 AND 2023

TECHNOLOGIES	THERAPEUTIC AREA	FEASIBILITY / PILOT	PROOF OF CONCEPT	PARTNERS ACADEMIC, CLINICAL, PATIENT, COMMERCIAL
 STARRY NIGHT	Mild Cognitive Impairment (MCI) and Alzheimer's disease	n = 120/30	Est. Q1 2023	  
	Healthy elderly. Preclinical Alzheimer's Disease (PAD)	n = 80	Est. Q4 2022	  
	Subjective cognitive impairments (SCI)	n = 30/60	Est. Q4 2022	  
 CCT	Mild cognitive impairment / At risk of Alzheimer's Disease (aRoA)	n = TBD	Est. 2023	  
	Mild to moderate dementia (DEM)	n = 30	Est. Q4 2022	  
 CST	Elderlies	n = TBD	Est. Q4 2022	 

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

Positive clinical results on our cognitive test Starry Night

The study led by Professor Masud Husain at the University of Oxford evaluated 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 led by Professor Husain's team, and the study proved our technology to be sufficiently sensitive and capable of detecting Alzheimer's disease at a pre-symptomatic stage.

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 unlocks commercial potential for early treatments with both pharmaceuticals and Digital Therapeutics.

Promising current and emerging strategic collaborations

Brain+ collaborates with an extensive partner network. The benefits of this approach to date have included, but are not limited to, commercial acceleration via our partnership with RoX, clinical maturation of our technologies with academic partners and KOLs, and user insights from patient organizations. These are but a few examples of how our partners provide immense value to Brain+ and reinforce our ability to bring therapeutic solutions to the market, and we remain committed to our strategy of partnering with the brightest minds in our eco-system.

Pharmaceutical partnerships serve as a natural extension of this strategy. Brain+ digital therapies can be used on their own or in combination with drug treatments. New breakthroughs in Alzheimer's and Dementia are rare, but pharmaceutical companies continue to invest heavily in the indication.

Collectively, this implies significant strategic partnership potential for Brain+, and our ongoing dialogues with leading pharmaceutical companies within Alzheimer's and dementia indicate that DTx's complementarity potential is a perspective shared across our industry.

The current partnership with Roche/RoX Health is progressing well and hitting agreed milestones. The next is a fully localized German version of CST ready in 2022. The initial agreement is exclusively to bring the first CST product to market in

Germany. If successful, the opportunities to expand the partnership are promising.

During the first six months of 2022, we continued our active pursuit of new strategic collaborations which fostered several new partnerships.

Danish-German Care Alliance

In March, Brain+ was invited into the Danish-German Care Alliance (Dänisch-Deutsche Pflegeallianz), which aims to put Danish medical technologies directly into the hands of relevant large German customers. In practice, this means that Brain+ will engage in meetings and workshops with six large care home chains, with the aim to establish local pilots and lead customers.

Forskningsrådet för hälsa, arbetsliv och välfärd (FORTE)

In May, Brain+ became a partner in the FORTE grant project with University of Gothenburg, University of York, The Sahlgrenska Academy, and Via University College.

The FORTE project reviews digital interventions for dementia and mild cognitive impairment. Brain+'s focus is to strengthen our knowledge on caregiver compliance for product development, as the 2nd product in our CST product line for dementia treatment, Cognitive Stimulation Therapy – Home Care, relies on a caregiver to conduct a home-setting CST therapy session with the patient.

Coopmed

In August Brain+ entered into a partnership with Coopmed, an external specialist sales company to build traction

in advance of the impending launch of Cognitive Stimulation Therapy – Therapist Companion, in the German market.

Open Telekom

To ensure compliance with German and European data privacy requirements we partnered with Open Telekom in August, to cost-effectively develop our solutions based on German cloud infrastructure, enabling microservices architecture to ensure product flexibility and modularity.

New competencies from three international life science profiles and CFO

With the accelerated launch, Brain+ is about to embark on an international commercialization journey. To support this evolution and continued maturation of our pipeline, the board was strengthened in September with three international industry profiles, incl. our new Chairman Anders Härfstrand. Collectively, Anders Härfstrand, Johan Luthman, and Betül Susamis Unaran.

Anders Härfstrand is Chairman at Diurnal Group and former Executive Vice President at Pfizer Pharmaceuticals. He brings extensive experience in global business development and new product

commercialization as chief executive at multiple pharmaceutical companies.

Johan Luthman is Executive Vice President and Head of R&D at Lundbeck, with great experience within dementia and neuroscience also from his former position as Senior Program Leader of Neuroscience R&D at Merck, and as CEO of GoNeuro.

Betül Susamis Unaran is Chief Strategy and Digital Officer at the largest e-commerce pharmacy in Europe, Zur Rose Group, and member of their executive board. She brings extensive Digital Therapeutics and pharma experience, formerly as Global Head of Digital Medicines at Novartis Pharmaceuticals, and is on the Board of Directors of Ypsomed.

In March, Brain+ also welcomed **Bertil Stengaard Jessen as CFO. Bertil is former head of a global strategic business program in GN Store Nord,** and he brings experience from strategy and M&A advisory roles with Maersk and the investment banking division of J.P. Morgan.



Development in finances

During the first half of 2022, focus remained dedicated to our strategic objective to advance the clinical validation and development of our product pipeline and to facilitate the accelerated commercial launch of our first dementia product, CST – Therapist Companion.

Income statement

The company's H1 2022 result of DKK -4.1m (DKK -2.8m in H1 2021), is as expected, as it reflects an increased cost level, born mainly by the addition of key competences to strengthen our platform and drive our product pipeline towards commercialization.

Gross profit in H1 2022 was DKK 1.9m (DKK 2.7m in H1 2021) and we reiterate our expectation to deliver DKK 2.0 - 4.0m for FY 2022.

Trials, development, and commercialization are expected to require sustained investment at the current level for the remainder of 2022, as we continue

to mature products and build our business towards a targeted net operational cash flow breakeven in 2025.

Expenses

Staff expenses in H1 2022 were DKK 6.6m compared to DKK 4.1m in the first six months of 2021.

Staff expenses continued to drive the majority of our costs in H1 2022 and the increase vs. H1 2021 primarily reflects the onboarding of new talent. These staff costs collectively enable our upcoming commercial CST launches, and support advancement of clinical development to

fulfill our objective to achieve large-scale reimbursement for our products in major European markets and the US.

The current level of staff cost is expected sufficient to cover Danish commercial management of the upcoming launch, and to enable initial sales of CST- Therapist Companion. We partnered up with external sales specialist partner, Coopmed, in August to step up efforts to build brand awareness and commercial traction for our German launch in Q2 2023. This partnership is expected to have minor impact on staff costs for H2 2022.

Cash flow

Net cash flow for the first six months amounted to DKK -7.5m compared to DKK 4.5m in H1 2021.

Net cash flow in H1 2022 was positively affected by DKK 12.2m raised in long-term debt in Q2 2021.

During H1 2022 cash flow from operating activities was DKK -4.7m, compared to DKK -1.8m in H1 2021. Drivers of the decrease in cash flow include staff cost, particularly from onboarding of new talent, which increased by DKK 2.4m, from DKK 4.1m in H1 2021 to DKK 6.6m in H1 2022, and a decrease in trade payables, related primarily to COVID "hjælpepakke" repayments of DKK 0.6m.

Cash flow from investing activities was DKK -2.8m during H1 2022, compared to DKK -4.7m in H1 2021. A contributing

factor was reduced investment in intangibles which in H1 2022 was DKK 2.6m, compared to DKK 4.7m in H1 2021.

Brain+ will continue to optimize and carefully prioritize the use of available cash to fund both upcoming commercialization activities and pipeline development for increased long-term value creation.

To reduce the amount of cash tied up in peripheral day-to-day operations, Brain+ at the end of the first six months of 2022 entered into a lease agreement, which grants the company rights to use the agreed property. The quarterly leasing fee is DKK 16t and relates to IT equipment previously owned by Brain+. The agreement improved our cash position by DKK 0.2m in H1 2022. During the second half of 2022, we expect additional equipment to become part of this agreement.

Cash position

Brain+ total cash and equivalents position at the end of H1 2022 was DKK 2.5m compared to DKK 5.9m at the end of H1 2021.

In H2 2022, Brain+ expects to, and has already received, grant payments related to ongoing projects. Furthermore, a material funding event will take place in October (17th - 31st), when 4.8m publicly traded Brain+ warrants can be exercised

for new shares at a 30% discount to the market price.

The proceeds to Brain+ from the warrant exercise will depend on the market price of existing shares, and on the number of warrants that will be exercised.

Illustratively, if all warrants are exercised at a reference price of DKK 3 per share, the total gross proceeds to Brain+ would be DKK 10.1 million before transaction costs.

Proceeds from the warrant will be used to fund the first product launch and initial commercialization of our first dementia treatment product, Cognitive Stimulation Therapy in the Danish and German markets, and continued advancement of

the company's R&D and product development activities.

While upcoming commercial launches and subsequent sales will move Brain+ closer to our targeted net operational cash flow breakeven in 2025, in addition to the warrant proceeds, we expect an external funding round will be needed during 2023.

In addition to revenue-generating commercial activities, other funding options to pursue include, but are not limited to, additional grants (Brain+ has cumulatively raised more than €8 million to date via this non-dilutive path), equity issuance to institutional-, strategic investors within Life Science and digital health, and convertible and straight debt issuance.

BRAIN+ DETAILS

Company	Brain+ A/S Købmagergade 53,3 1150 København K CVR No. 36 43 94 40 Date of formation November 19 th 2014 Registered office Copenhagen
Board of Directors	Anders Härfstrand Lars Terney Hanne Leth Hillman Johan Luthman Betül Susamis Unaran
Executive Board	Kim Baden-Kristensen, CEO
Auditing	The half-year report has not been reviewed by the company auditor

INCOME STATEMENT

DKK	01.01-30.06 2022	01.01-30.06 2021
Gross profit	1,904,875	2,745,525
Staff expenses	-6,556,620	-4,130,369
Depreciation, amortization expense and impairment losses of property, plant and equipment and intangible assets recognized in profit or loss	-813,896	-801,371
Profit/loss from ordinary operating activities	-5,465,640	-2,186,215
Other finance income	0	0
Finance expenses	-36,675	-1,729,188
Profit/loss from ordinary activities before tax	-5,502,316	-3,915,403
Tax expense on ordinary activities	1,382,488	1,093,685
Profit/loss	-4,119,828	-2,821,718

The comparative figures for the period 1st of January 2021 to June 30th 2021, deviate from the income statement figures disclosed in the Brain+ Company Description published on the 16th of September 2021. The comparative figures incorporate changes made to the Company Description figures necessary to conform to the principles of presentation followed in our annual reporting. Furthermore, tax and finance expenses not reflected in the Company Description have been added to the comparative figures for accuracy.

BALANCE SHEET ON 30TH JUNE 2022

DKK	30.06 2022	30.06 2021
Assets		
Completed development projects	10,365,737	11,960,466
Development projects in progress and prepayments for intangible assets	24,879,247	19,763,364
Intangible assets	35,244,984	31,723,830
Fixtures, fittings, tools, and equipment	300,818	26,508
Property, plant, and equipment	300,818	26,508
Fixed assets	35,545,802	31,750,338
Tax receivables	2,169,107	1,043,614
Other short-term receivables	492,907	660,143
Deferred income	146,195	9,262
Deferred tax	347,333	0
Receivables	3,155,542	1,713,019
Cash and cash equivalents	2,532,843	5,892,214
Current assets	5,688,385	7,605,233
Assets	41,234,187	39,355,571

DKK	30.06 2022	30.06 2021
Liabilities and equity		
Contributed capital	1,181,591	493,757
Reserve for development	27,491,088	24,745,000
Other statutory reserves	0	0
Retained earnings	-12,188,489	-25,656,903
Equity	16,484,190	-418,146
Provisions for deferred tax	0	840,999
Provisions	0	840,999
Other payables	535,647	527,731
Long-term liabilities other than provisions	535,647	527,731
Convertible debt	0	12,187,158
Trade payables	1,256,056	1,446,184
Other payables	1,415,292	2,249,794
Deferred income, liabilities	21,543,002	22,521,851
Short-term liabilities other than provisions	24,214,350	38,404,988
Liabilities other than provisions within the business	24,749,997	38,932,719
Liabilities and equity	41,234,187	39,355,571

STATEMENT OF CHANGES IN EQUITY

Changes in equity for the period 1st January 2022 to 30th June 2022

DKK	CONTRIBUTED CAPITAL	DEVELOPMENT EXPENDITURE	RETAINED EARNINGS	TOTAL
Equity January 1 st 2022	1,181,591	26,064,264	-6,641,837	20,604,018
Profit (loss)	0	1,426,824	-5,546,652	-4,119,828
Equity June 30th 2022	1,181,591	27,491,088	-12,188,489	16,484,190

Changes in equity for the period 1st January 2021 to 30th June 2021

DKK	CONTRIBUTED CAPITAL	DEVELOPMENT EXPENDITURE	OTHER STATUTORY RESERVES	RETAINED EARNINGS	TOTAL
Equity January 1 st 2021	95,830	1,470,358	13,965	2,525,112	4,105,265
Changes of equity through corrections of errors	0	20,196,088	0	-22,383,310	-2,187,222
Adjusted equity January 1 st 2021	95,830	21,666,446	13,965	-19,858,198	1,918,043
Change of equity through mergers and business combinations	646	0	0	-83,291	-82,645
Increase of capital	397,281	0	0	-395,006	2,275
Conversion of debt	0	0	0	565,899	565,899
Equity transfers to reserves	0	0	-13,965	13,965	0
Profit (loss)	0	3,078,554	0	-5,900,272	-2,821,718
Equity June 30th 2021	493,757	24,745,000	0	-25,656,903	-418,146

CASH FLOW STATEMENT 1ST JANUARY TO 30TH JUNE 2022

DKK	01.01-30.06 2022	01.01-30.06 2021
Profit/loss	-4,119,828	-2,821,718
Depreciation, amortization expense and impairment losses of property, plant and equipment and intangible assets	813,896	801,371
Adjustments of tax receivables	-577,857	-1,043,614
Adjustments for deferred tax	-804,630	-50,071
Decrease (increase) in receivables	1,099,793	-192,034
Increase (decrease) in trade payables	-1,079,722	1,535,641
Cash flow from operating activities	-4,668,349	-1,770,424
Purchase of intangible assets	-2,626,624	-4,743,698
Purchase of property, plant and equipment	-172,738	0
Cash flow from investing activities	-2,799,362	-4,743,698
Repayment of other long-term payables	7,917	-1,242,267
Raising of long-term debt	0	12,187,158
Other components of cash flows from financing activities	0	98,989
Cash flow from financing activities	7,917	11,043,880
Net increase (decrease) in cash and cash equivalents	-7,459,795	4,529,758
Cash and cash equivalents, beginning balance	9,992,638	1,362,457
Cash and cash equivalents, ending balance	2,532,843	5,892,214

EARNINGS PER SHARE

DKK	01.01-30.06 2022	01.01-30.06 2021	01.01-31.12 2021
The calculation of earnings per share is based on:			
Profit/loss for the period	-4,119,828	-2,821,718	-7,079,752
Number of shares			
Beginning of the year	11,815,912	95,830	95,830
Capital increase 01.01-30.06	0	4,841,740	4,841,740
Capital increase 01.07-31.12			6,878,342
Number of shares end of period	11,815,912	4,937,570	11,815,912
Average number of shares	11,815,912	1,676,973	5,321,820
Effect of dilutive potential ordinary shares:			
Convertible debt	0	2,101,698	0
Share options	4,788,542	2,089,800	4,788,542
Weighted average number of shares for calculation of diluted earnings per share	16,604,454	5,868,471	10,110,362
Earnings per share (EPS)	-0.35	-1.68	-1.33
Earnings per share, diluted (DEPS)	-0.25	-0.48	-0.70