

Exercise period for Brain+ warrants of series TO 3 – What does this mean?

This text is contemplated as basic and instructional information related to the exercise of outstanding Brain+ warrants of series TO 3. For detailed terms and conditions, the company refers to the official documents established in connection with the unit rights issue in May 2023, which the warrants were part of, such as the prospectus, company announcement and the articles of association.

Background

In May 2023, Brain+ carried out a rights issue of units where the company raised DKK 13.8 million before transaction costs against issuance of shares and warrants. In the rights issue and in a subsequent directed issue to guarantors, a total of 28,542,348 warrants of series TO 3 were issued.

Between 11 March and 22 March, the exercising of warrants of series TO 3 will take place. Holders of warrants must take action latest on the last day of the exercise window, otherwise the TO 3 warrants will lapse with no value. **IMPORTANT!** Some custodian banks, including Nordnet and Avanza, most likely will set an earlier date as the last day of exercise.

What is a warrant?

A warrant is a financial instrument which gives the holder the right (but not the obligation) to subscribe for one or more new shares in a company to a pre-determined price at a specific time in the future ("exercise period"). Companies typically issue warrants when there is a known future capital need and with the intention to lower the dilution factor of the associated share issue for non-participating shareholders. Warrants are thus a means for companies to raise additional capital to finance operations and grow the business with the aim of creating shareholder value.

Terms for Brain+ warrants of series TO 3

Each Brain+ warrant of series TO 3 entitles the holder to subscribe for one (1) new share at a price of DKK 0.11 (the "Exercise price") during the exercise period which runs from 11 March 2024 until and including 22 March 2024. The Exercise price has been determined as 70% of the volume-weighted average price of Brain+' existing shares during a period of twenty (20) trading days ending on 6 March 2024 (the "calculation period").

Brain+ warrants of series TO 3 can be traded until 20 March 2024

Series TO 3 warrants have traded on Nasdaq First North Growth Market under the ticker "BRAINP TO 3" since 13 June 2024. Holders who do not wish to exercise their warrants can sell them in the market. Please note that custodian banks cannot be expected to un-instructedly sell warrants for the holders, who are therefore encouraged to manually put in a warrant sell order. Similarly, investors who do not hold any warrants but wish to exercise, or investors wishing to exercise more than they hold, can buy warrants in the market. Investors can buy or sell warrants through their custodian bank until the last trading day for warrants of series TO 3 is 20 March 2024.

Pricing of warrants

The theoretical price of a warrant should be equal to the difference between its exercise price and the current market price of the underlying share. Note that the actual market price of warrants often differs from the theoretical price at any given point in time.

How do I exercise?

Holders of warrant can exercise their right to subscribe for new shares in Brain+ at the discounted exercise price through their custodian bank's trading platform. Use the bank's corporate actions' webpage where information regarding warrant exercise can be found or contact your bank adviser. Investors who do not hold any warrants and want to participate in the offer, must first purchase warrants over the market. Please note that many custodian banks, like Nordnet and Avanza, require the funds to be in the right account a couple of days before the end of the exercise period. For min. investments of DKK 50,000, there is a possibility to act as guarantor for the warrants on the same terms as for exercise. Please contact CFO, Hanne Leth Hillman on hanne@brain-plus.com, if you wish to act as guarantor.

Summary

- Window for exercising TO 3 warrants: 11 – 22 March 2024.
- TO 3 warrants can be bought and sold over the market until 20 March.
- Warrants are exercised through custodian banks.
- Warrants, which are not sold before EoB on 20 March or exercised before EoB on 22 March will lapse with no value.
- Exercising warrants provides warrant holders with an immediate short-term financial return as long as: Market price of Brain+ share > Exercise price of warrant.
- Through the exercise of warrants, funding is provided to support Brain+' growth and operations with potential for both short-term and long-term financial return.

Theoretical value of series TO 3 warrants in different scenarios

Below illustrates the theoretical value of warrants during the exercise period depending on the Brain+ share price. The example illustrates the cost and value (in DKK) of exercising 1,000 warrants to subscribe for 1,000 new shares in Brain+. Please note that exact values may be different than the illustration below depending on the actual share price during the exercise period.

Brain+ share price	Exercise price of warrants	Cost of exchanging warrants to shares *	Market value of new shares	Profit from / Value of exercising warrants **
0-0.11	0.11	110 ¹	<110	Neg.
0.15	0.11	110	150	40
0.20	0.11	110	200	90

¹Exercising warrants when the exercise price is higher than the prevailing share price on the market will result in a short-term financial loss, however support Brain+' operational development and increase the company's chances to reach important value inflection points in the next 12 months and longer term.

* Required investment

** Please note this reflects the potential immediate value of exercising TO 3 warrants. Brain+ will use the proceeds from the warrant exercise to perform value adding activities with the aim of providing even more value to shareholders in the long-term.